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BUSINESS WEEK

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"Minerva" marks the opening of San Francisco's
Golden Gate International Exposition Feb. 18.

PUBLISHED BY THE MCGRAW-HILL PUBLISHING CO.

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A Millstone becomes A Mile-Stone



● A year ago some people thought the world was about to end. The recession hung on their necks like a millstone, about to sink them.

But they didn't sink . . . the recession has become just another mile-stone in industrial history which proves again that every business drop is followed by a rise . . . that the wise executive is the one who plans accordingly, never succumbs to panic . . . always keeps his plant modernized so that he can operate on a low-cost basis.

During the recession many concerns modernized with new Warner & Swasey Turret Lathes. They are the low-cost plants in their industries today. They dictate prices. They will make the greatest profits as business steps ahead.

There is still time to modernize. It is the best way (and, short of a miracle, the only way) to put yourself on a competitive basis.

Warner & Swasey's long experience, with hundreds of plants, is at your disposal. *But it's time to act. Write . . .*

**WARNER
&
SWASEY**
Turret Lathes
Cleveland



YOU CAN TURN IT BETTER, FASTER, FOR LESS . . . WITH A WARNER & SWASEY

Baa, baa, black sheep

Have you any wool?



Two brothers were given two lambs each. One brother turned his lambs into chops and presently had nothing. The other brother kept his lambs... With care and good management, they grew and multiplied into a flock of sheep. Now he has wool with which to clothe his family, extra chops for all to eat and a sound reserve to meet his every debt.

THERE you have the principle that underlies the dependability of the fire insurance that you buy... through a local agent or broker... from a capital stock* fire insurance company. Why is this principle of conserving capital so important in fire insurance?



Unlike the human death rate, the ravages of fire are uncertain. While a life insurance company can closely forecast its obligations, a fire insurance company cannot predict the occurrence of a series of big fires... or a devas-

tating conflagration. Therefore, the capital stock fire insurance companies follow the sound practice of maintaining ample surpluses with which to meet abnormal claims.

Like the prudent brother, these companies husband their "sheep." Beginning with paid-in capital and surplus supplied by stockholders, they keep investing and re-investing their assets. From such investments comes "wool"



to help pay exceptional fire losses—mayhap some sheep must be sold—but over the years their flocks grow, ever providing stronger guarantees behind policy promises. That is the principle that maintains "standard protection"

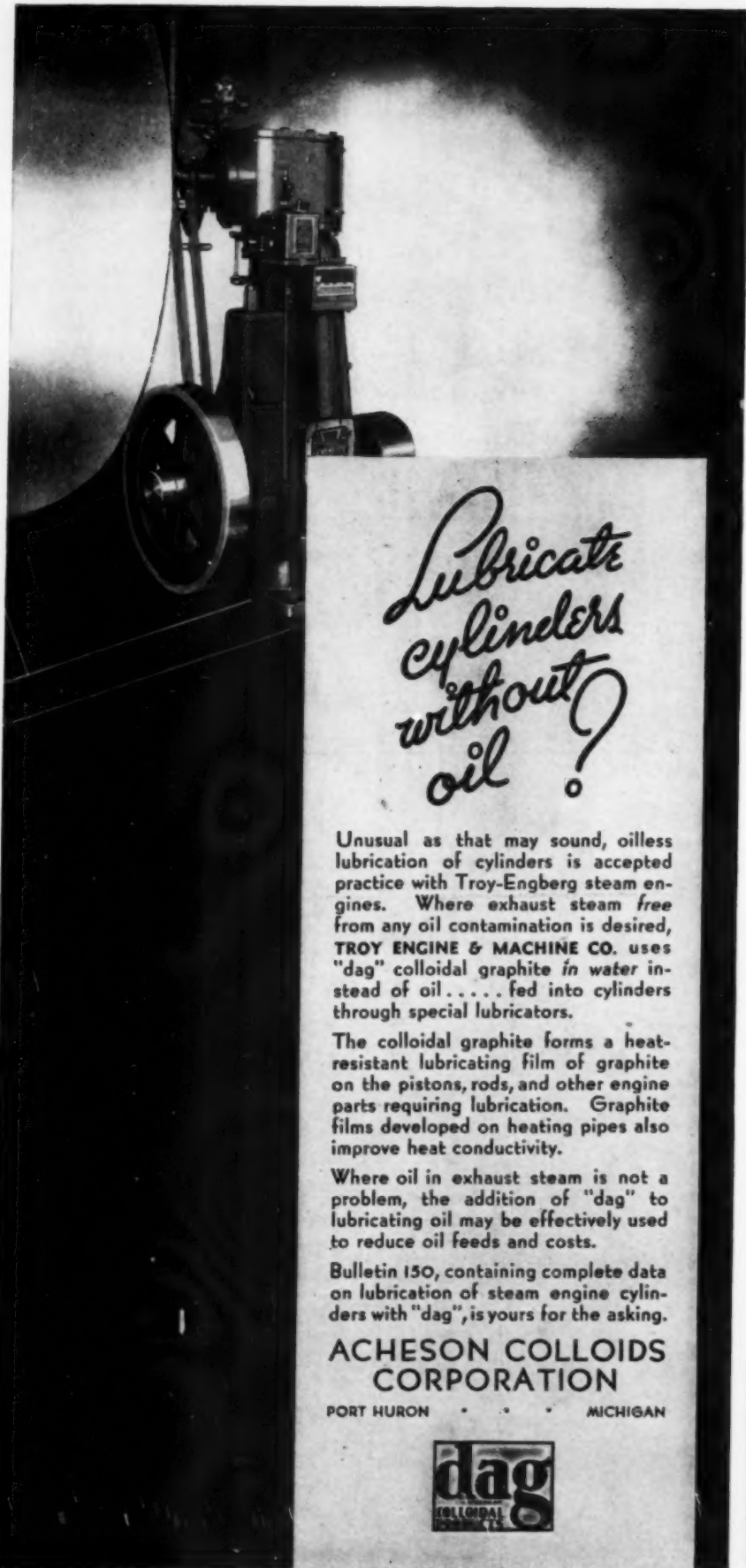
for American property-owners. That is the principle that enables these companies to maintain a continuous campaign of loss-prevention... with these results: human life and property are safer and the average rates for standard protection are today lower by over 40 percent than thirty years ago!



THE NATIONAL BOARD OF FIRE UNDERWRITERS
85 John Street, New York
Established 1866

*CAPITAL STOCK COMPANY FIRE INSURANCE

provides sound protection at a predetermined price, without risk of further cost. In addition to legal reserves, its policies are backed by cash capital and surplus funds set aside to meet not merely normal claims but also the sweeping losses due to conflagrations and other catastrophes. Its organized public services are national in scope. Its system of operating through Agents everywhere gives prompt personal service to policyholders.



*Lubricate
cylinders
without
oil?*

Unusual as that may sound, oilless lubrication of cylinders is accepted practice with Troy-Engberg steam engines. Where exhaust steam free from any oil contamination is desired, TROY ENGINE & MACHINE CO. uses "dag" colloidal graphite in water instead of oil fed into cylinders through special lubricators.


The colloidal graphite forms a heat-resistant lubricating film of graphite on the pistons, rods, and other engine parts requiring lubrication. Graphite films developed on heating pipes also improve heat conductivity.

Where oil in exhaust steam is not a problem, the addition of "dag" to lubricating oil may be effectively used to reduce oil feeds and costs.

Bulletin 150, containing complete data on lubrication of steam engine cylinders with "dag", is yours for the asking.

ACHESON COLLOIDS CORPORATION

PORT HURON • • • MICHIGAN



THIS BUSINESS WEEK



Pacifica, the girl on the cover, is the 80-foot theme statue of the Golden Gate International Exposition in San Francisco, where the fair swings open its doors for the first time at 8 o'clock on the morning of Feb. 18 and welcomes in the first cash customer to the West's biggest 1939 business venture. **BUSINESS WEEK's** Pacific Coast Editor covers the fair from its humble beginning in 1936 to its hopeful future, on page 22.

Russia

SOVIET RUSSIA finished up its second Five-Year Plan of industrialization in 1937, and it's been stalling off on starting a third until this year. Next month it gets under way. What that's going to mean to American business is discussed by the foreign editor on page 17.

Good Measure

EVER HEAR OF A CREDIT UNION? 2,100,000 people belong to them now, page 36. . . . Agreement between the power companies and the Tennessee Valley Authority, at long last, looks as if it would pave the way for a rash of utility spending, page 14. . . . Advertising agencies discover that they aren't exempt from the provisions of the Wheeler-Lea Act, page 18. . . . A survey of radio ownership and listening habits among farmers shows that they don't have as many radios as their city cousins, but they listen more (story and table, page 43).

BUSINESS WEEK • FEBRUARY 11, 1939 • NUMBER 493

(with which is combined the Magazine of Business). Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder and Honorary Chairman, Publication office, 99-129 North Broadway, Albany, New York. Editorial and executive offices, 330 W. 42nd St., New York, N.Y. James H. McGraw, Jr., President; Howard Ehrlich, Executive Vice-President; Mason Britton, Vice-Chairman; B. R. Putnam, Treasurer; D. C. McGraw, Secretary; J. E. Blackburn, Circulation Manager. \$5.00 per year in U. S. A., possessions year in all other foreign countries; 20c per copy. Entered as second class at the Post Office at Albany, N.Y., under the Act of March 3, 1879. Printed by the McGraw-Hill Publishing Company, Inc.

A McGRAW-HILL



PUBLICATION



Private
Secretary
1939
MODEL

Preferred by Exacting EXECUTIVES

"TYPING or writing shorthand," you say, "what's the difference?" Well, in a nutshell, it is this: Using a *machine* as her medium—and *typing* as her method of taking your dictation—your Stenotypist has four special advantages . . . more ease, more speed, greater accuracy, and greater simplicity.

More ease, because she touch-types her shorthand—without strain and without even having to look at her machine. More speed, because ten fingers and 23 featherlight keys do the work for her. Greater accuracy, because her notes never change size, shape or position, and are in plain English letters. Greater simplicity, because typing is never

BECAUSE *She TYPES Her Shorthand!*

as complicated as handwriting.

With those four advantages back of all your correspondence dictation, the technical dictation required in special departments, or the reporting of Board Meetings and other conferences—you put your whole stenographic program on a higher plane of efficiency and economy.

This fact thousands of exacting executives have already proved, and are enjoying the benefits of at this moment. Both for its greater comfort to the operator, and for its greater satisfaction to themselves, they prefer this

up-to-date "typed shorthand."

You, however, may be considering this idea of "Machine Age" stenographic superiority for the first time. If so, we invite you to investigate further—by reading the fuller details told in our new booklet, "Stenotype In Your Office." Learn why and how Stenotypy has won this preference by executives; and will, by saving you both time and money on all speech-recording, make *your* office modern in the same sense that other machines have done. Ask your local Business College for a demonstration.

A request on your letterhead will bring this booklet by return mail. And when it arrives—be generous, and let your secretary read it, too! Also, we shall be glad to help you find competent stenotypists. Address Dept. 238-ST.

The
STENOTYPE COMPANY 4101 S. Michigan Ave.
CHICAGO, ILLINOIS



of ONE MAN'S IDEAL

Every so often a man comes along who looks far beyond his own time, and sees how things ought to be, as E. M. Statler did in the hotel business. He plans and he builds. Soon his ideas put him out in front.



HIS REWARD comes in seeing the entire plane of his business or profession raised higher. He goes on from there. Mr. Statler did that when he "invented" modern hotel service.



THIS IS the Silver Jubilee of the Hotels Statler Company. The Statler ideal of service is twenty-five years old. But you don't measure ideals in years, you measure

them in terms of vigor. We keep ours vigorous through organized research.



STATLER RESEARCH Executives study the changing needs of the traveling public. They look for ways of improving today's hotel services, and try to anticipate what your needs will be tomorrow.



HERE ARE some of the Statler innovations that grew out of Statler Research: Overnight laundry service, certified lighting, free radio reception, inner-spring hair mattress, circulating ice water, free morning newspaper, bed-head reading lamp, Statler Service Codes, full-length mirrors, electric shaver outlets and wrapped drinking glasses.

STAY *Hotels* STATLER.

ST. LOUIS
\$2.50

ST. LOUIS \$2.50
DETROIT \$2.50
CLEVELAND \$2.00
BUFFALO \$2.00
BOSTON \$2.50
NEW YORK \$2.50

1 Other Hotel Buffalo \$2.00
Room rates begin at prices shown

VERY BEDROOM AIR-CONDITIONED

NEW BUSINESS

What's New?

TRANSOGRAM CO. IS BEGINNING an advertising campaign for an adult game called *Movie Millions*. . . . *Whisper Weight* is the name of a new water-repellent lightweight felt, offered by the Capson Hat Co. . . . An "electric ear" or electrical sound-level recorder has been invented by Harlow Hardinge and tested by the International Nickel Co., which reports a big increase in production of a grinding mill as a result. . . . Far more sensitive than the human ear, this device measures the volume of noise made by the mill and automatically increases or reduces the feeding rate.

Quenching

THE LEAGUE OF NEW YORK THEATERS is seeking the right to sell liquor. . . . Despite the opposition of the New Jersey Brewers' Association, Fidelio Brewery is rushing the bock beer season—it began selling it on Groundhog Day, Feb. 2. . . . And the association has fired back with an advertising campaign, contending that bock isn't really ready till the traditional date, March 14, and that "you wouldn't wear a straw hat in February."

Our Times

COMMERCIAL MOVIES will be barred from all theaters in Warner Bros.' chain. . . . Warner asserts that "the commercial advertising film is rapidly becoming the industry's greatest evil"; that it will lower theater attendance; and that the movies shouldn't compete with newspapers and magazines for advertising. . . . The First National Bank, Palm Beach, recently engaged Dr. H. W. HEPNER, professor of business psychology at Syracuse University, to teach the bank employees how to handle the public.

Sports

GENERAL MILLS, INC., is financing the National Professional Football League's official movie, "Champions of the Grid-irons." . . . And General Mills, Procter & Gamble, and Socony Vacuum will jointly sponsor the home games of the Yankees and the Giants next season. . . . A. G. Spalding & Bros. are exhibiting at their New York galleries several hundred rare books and pamphlets on sports, as well as early sporting newspapers, photographs, and other material.

Awful Lawful

REVERSING A RULING of the state industrial commissioner, the New York State Unemployment Insurance Appeal Board has decided that the Metropolitan Opera Association is a non-profit educational institution and so its workers aren't pro-

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tested by the state unemployment insurance law. . . . If an actor is on the air, and somebody mentions a hotel, and the actor tosses off a casual remark that he's been there and it's lousy, the hotel can make the broadcasting company pay through the nose, according to three judges of Common Pleas Court, at Pittsburgh, who sustained a \$15,000 verdict by a jury for the Summit Hotel, Uniontown, Pa., against the National Broadcasting Co. because of an impromptu wisecrack by Al Jolson.

Adhibitions

SCHENLEY DISTILLERS CORP. has erected at Miami the largest electric spectacular in the South. . . . San Francisco advertising people recently viewed a unique exhibition—a collection of all the coupons and box-tops and samples and combination bargains offered in 1938 by leading national advertisers in six mass magazines and on one broadcasting chain. . . . Emil Brisacher & Staff, advertising agency, made the laborious collection. . . . Here's neat advertising verse, accompanying an illustration of an ibis dipping its long bill into water:

The ibis knows that patient skill
Is what it takes to fill the bill;
And years of skill in blending, too,
Make Calvert Blends just right for you!

It's typical of the alphabetic animal jingles which Calvert is using effectively in its current campaign.

Add What's New?

RAYMOND V. PARSONS, research engineer for Johns-Manville Corp., says the housing problem can be solved by building cities of pre-fabricated wooden houses, their parts stuck together with a new kind of resinous glue developed at the U. S. Forest Products Laboratory, Madison, Wis. . . . American Thermos Bottle Co. offers the Streamliner workman's lunch kit, with a rustproof metal handle that drops down against the top. . . . Dr. F. E. Brauns, of the Institute of Paper Chemistry, Appleton, Wis., has isolated lignin as it occurs in wood, without impairing its natural properties, and thus has apparently made commercial use of lignin possible.

And

AND NATIONAL SEW AND SAVE WEEK, intended to promote the sale of general notions, will be observed Feb. 18-25. . . . And by means of dinner and dance music carried from the Manhattan control room of the Muzak Corp. to the Brooklyn waterfront, the Isbrandtsen-Moller Co., steamship operator, is enlivening the spirits of between 300 and 400 longshoremen and dockworkers—and probably improving efficiency. . . . And in South Africa there is a Nash dealer firm named Attit, Urley & Laite. . . . And in Pluma, S. D., Joseph Trew, D. A. Trew, and Frank Good have organized the Good & Trew Nash Co.

CONTROL THE DUST!

it controls your profits

INDUSTRIAL dusts constitute a complex problem of primary economic importance. Some dusts are valuable and should be salvaged. Others are a menace, a source of damage to your machinery and products, a nuisance to your workmen and neighbors. Frequently dusts are both valuable *and* a menace.

Buell Dust Collectors will solve this complex problem for you in a simple, practical, economical way. Employing the patented Van Tongeren system, their efficiency predetermined in accordance with the needs of the individual plant, Buell Collectors offer unique advantages throughout the *dust* range.

Those advantages are clearly and concisely explained in *Bulletin D81*, which will be sent free to any managing executive or operating engineer.



CONTROL THE SMOKE!

This photograph was taken after one of two stacks (twins as to boiler size, firing and load) had been equipped with a Buell Fly Ash Collector. After both stacks were so equipped the smoke nuisance was ended.

If you have a fly ash problem, if you want to be sure of high-efficiency, low-cost service, you will find your best approach to the subject in *Booklet A80*—free to any managing executive or operating engineer.

**BUELL ENGINEERING
COMPANY INC**

60 Wall Tower Building, New York



SALES OFFICES IN PRINCIPAL CITIES

BUSINESS DEPENDS ON MONROE FOR FIGURES

Day in and day out, Monroe machines are producing the greatest number of accurate answers in the least time—that's why business has adopted them so universally. And "Velvet Touch" easy action is a real boon to the men and women who are operating Monroes—it relieves them of all strain and speeds up their daily work.



CHOCOLATE . . All the General Foods divisions are large users of Monroe machines. The great Walter Baker chocolate factory in Dorchester, famous since 1780, uses a large number of LA model adding-calculators and a grand total adding-listing machine.



COSMETICS . . Beauty is a big industry and figure work mounts up. Lehn & Fink use Monroes, both adding-calculators and listing machines, in the Dorothy Gray division and in the other divisions of their business.



BAKELITE . . A pioneer in the great plastic industry, Bakelite Corp. keeps abreast of its figure work in its Bound Brook, N. J. factory and its New York office with Monroes, both adding-calculators and adding-listing machines.



STURDINESS . . The Autocar Company bought its first Monroe adding-calculator more than eighteen years ago. During all this time, engineering, sales, purchasing, payroll, and a multitude of other figures have been speeded up and simplified by Monroe machines and methods.



MODERN . . The new A1 Monroe Adding-Calculator is the last word in figuring machines. Completely automatic. "Split-Second" multiplication. Automatic dial clearance and carriage shift. "Velvet Touch" easy action. Quiet. Simple.

MORE THAN 150 MONROE-OWNED BRANCHES SERVE AMERICAN BUSINESS

A MONROE FOR EVERY FIGURE JOB
 ADDING-CALCULATORS
 LISTING MACHINES
 BOOKKEEPING MACHINES
 CHECK WRITERS
 CHECK SIGNERS

MONROE

CALCULATING MACHINE COMPANY, INC.
 GENERAL OFFICES • ORANGE, N.J.

Monroe Calculating Machine Company, Inc.
 General Offices, Orange, New Jersey

Please send free booklet, "Two Answers for One"

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WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)

—As spring opens up, the Administration is looking to home building to give a further boost to recovery. Significantly, however, the New Deal isn't relying simply on fond hopes. Firmly convinced that a flare-up in prices has checked the full momentum of construction in previous seasons, it is getting ready to apply pressure if it sees a chance of its boom drifting into price trouble.

Material prices rose slightly in January, but Washington regards them on the whole as reasonable, provided they hold where they now are. Building material and equipment makers must be prepared, however, for a barrage from Washington if prices begin to climb.

Setting the Controls

THE TEMPORARY NATIONAL ECONOMIC COMMITTEE and the Department of Justice are on the alert. TNEC's staff is mulling over ways of putting a damper on prices, if necessary, and several members of Assistant Attorney General Arnold's staff are working with the committee on the proposition. Publicity may be the only weapon resorted to.

Proper timing of TNEC hearings, which would bring building material industry men to Washington to testify regarding their price practices, is one likely piece of strategy.

Legal Action Possible

DON'T DISMISS the possibility of legal action. It may be impossible for either the Justice Department or the Federal Trade Commission to bring actions sufficiently comprehensive to encompass the entire building supply industry, but a well-placed shot in some important line is regarded as a means of bringing influence to bear on the whole range of items whose aggregate cost worries the home-builder.

The Justice Department's investigation now meshes with the TNEC, but this doesn't bar the department from proceeding independently in court if it has what it regards as actionable evidence.

Tenacity and Recalcitrance

THAT WHITE HOUSE DEMAND for \$150,000,000 more for relief, and the pressure for Passamaquoddy and the Florida canal prove something. They prove that the President is very tenacious of ideas.

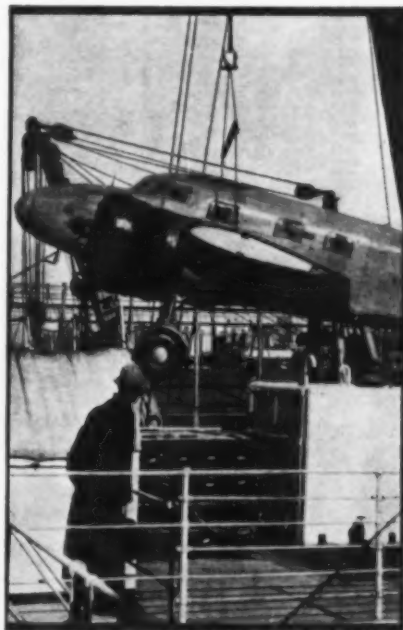
But Congress is going to prove something, too—prove it by kicking the demand for more relief money around instead of taking Roosevelt's word that an emergency exists now. Furthermore, it is going to reject the canal and Quoddy,

and when the President sends in another nomination for a Virginia judgeship, calculated to aid the anti-Byrd-Glass organization in the Old Dominion, it is going to beat that, too.

Hope for Utility Spending

REAL REASON FOR THE SURPRISE settlement of TVA's negotiations for purchase of the Tennessee Electric Power Co.'s properties, at a price \$15,000,000 to \$20,000,000 over what Lilienthal had been willing to pay, is the President's hope to break the log jam in utility spending. Douglas of SEC estimates that in the last four years the industry would have spent four billion dollars more had it not been for "unjustified" fear.

Britain Bound



The strong stand taken by the Administration in matters of foreign policy and rearmament may be deflating the hopes of the dictators, but it's also stirring up a pack of trouble in Washington. With the Senate already howling for clarification of our entire position, new fuel went on the fire last week when Britain, which ordered 400 U. S. planes at the end of last year, put in a requisition for 250 more. Meanwhile, this week first planes completed on the earlier order were being loaded for shipment.

Note that spending of any major part of this amount now would give a big boost to business and Roosevelt's political hopes for 1940.

Bank Holding Companies

YOU WON'T HAVE TO WAIT long for Sen. Glass to spring his bank holding company bill. Whether the final draft will include a "death sentence" is still a question but the bill is plenty tough.

Douglas of SEC, Morgenthau of the Treasury, and Crowley of the Federal Deposit Insurance Corp. are lined up back of the Senator. Despite Gov. Eccles' frantic efforts to head it off, it's a good bet that the bill will pass, and incidentally check his bid for coordination of bank supervision and credit control in the Federal Reserve.

Ship Program Lags

ABOUT HALF the new ship construction that was to have been initiated in 1938 by subsidized lines is now in arrears under time extensions. Critics of the Maritime Commission's program say it's backsliding into that very muddle which existed under the old ocean mail subsidy system.

Meanwhile the Commission is developing two reports to Congress on possible aids to intercoast and coastwise shipping and inland water carriers. However, you can bet your income tax reserve that nothing really tasty will be offered to domestic shipping while the railroads are grumbling hungrily in Washington.

Sacrificing Part for Whole

ROOSEVELT'S STRATEGY in dropping from the defense program that provision for accumulation of stock piles of strategic war materials may seem puzzling, but it can be easily explained; he is determined to push the big Army-Navy appropriations through first. Otherwise certain influential Congressmen might hold up the whole works in order to force the government to subsidize domestic mining interests that cannot compete with imports either in quality or price.

Hold Up Wagner Act

FATE OF PLANS to revamp the Wagner Act is affected by consideration of the stockpile proposal, for Sen. Thomas of Utah, chairman of the Senate Labor Committee, isn't anxious to push the labor bill amendments along until he has done his best to force a stockpile bill through the Military Affairs Committee of which he is also a member. However, labor bill hearings are still likely to get under way Feb. 20 or shortly thereafter.

There's tacit agreement among some A.F.L. and business leaders on Wagner

Dear Boss



Dear Boss, you're plenty smart I know
But here's one place you're losing dough!
To help us all get bigger salaries
The business has got to earn more calories

So just before you're through some day
I'll show you the paper we throw away
Letters and carbons and forms...just think
Of the money we're throwing down the sink

Now don't blame Susie or Betty Chase
It's not their fault they can't erase
On paper that was never meant
To represent a President

The paper we use is cheap and frowzy
If you'll pardon the slang, it's pretty lousy
But there is a paper of which we're fond
You've guessed it, Boss, it's Hammermill Bond

Well, that's what all the office think
I beg to remain, yours, Willie Fink.



Dear Willie Fink . . . I got your rhyme
It reached me at a perfect time
Our letterhead supply was low
I called our printer in . . . and so
Next week you're going to get a thrill
Our printing goes on Hammermill
And by the way, I meant to speak
About your raise . . . two bucks a week!

If your supply of letterheads and forms is low, have new ones printed on Hammermill Bond. 25¢ cost only 1¢ more than on cheap paper. Send for the Working Kit of Hammermill Bond. Tells how to improve your office stationery. Time-saving ideas, designs, short cuts in ordering printing.

HAMMERMILL BOND



Send for it!

Hammermill Paper Company, Erie, Pa.
Please send me, free, 1939 Working Kit
of Hammermill Bond. BW-2-11

Name _____

Position _____

(Please attach to your business letterhead)

LOOK FOR THIS WATERMARK

IT IS HAMMERMILL'S WORD OF HONOR TO THE PUBLIC

Probing Fair Trade Laws

YOU CAN EXPECT an investigation of state fair trade laws by the Federal Trade Commission this year. Long overdue, the study will probably be tied in with the National Economic Committee's investigation.

FTC intended to tackle the job last year but switched to an inquiry called for by Congress on automobile maker-dealer relations on which a report will be coming along in March. FTC's new budget also will permit it to make a study of cost accounting methods, badly needed for discerning enforcement of the Robinson-Patman anti-price discrimination act.

Act amendments, but employers can't rely too much on the Federation to pull their chestnuts out of the fire.

Lewis is just waiting for a slip that will give C.I.O. a chance to show that Green is the tool of the bosses

Walsh-Healey Crackdowns

ONLY TWO FIRMS have been blacklisted by Sec. Perkins since the Walsh-Healey act governing wages and hours on government contracts was passed in June, 1936, but you will see action from now on.

The Labor Department has hung back in applying this drastic penalty (no contracts for three years) until willful violators could be readily recognized. Sen. Walsh's proposed amendments to the law include the recommendation of the department for fining employers, as a less drastic penalty that will be of more practical value in law enforcement.

No company has taken Sec. Perkins into court yet.

Lose Competitive Edge

PROPOSED ELIMINATION of "land grant" rail rates to the government, in order to give the railroads a lift, has a business angle generally overlooked here. Many concerns which now edge into government business because they are located on land grant routes will lose out if the special rates are ended.

The orders they lose will go not only to competitors on other rail lines but to those in a position to ship by water and truck.

Science and Industry

THE COSMETIC INDUSTRY didn't fare very well at this week's hearings on certification of coal tar colors for use in food, drugs, and cosmetics.

Spokesmen for the industry painted their progress during the last 20 years in eliminating the use of poisonous substances—lead, arsenic, barium—but patently failed to impress Anton J. Carlson

of the University of Chicago, one of the world's foremost pharmacologists, called in by the Food and Drug Administration to give expert testimony.

"I don't have," said Dr. Carlson, "the same profound respect for the customs of the trade that you have."

Opening for Right Man

WANTED: A first class economist—not too hide-bound about the law of supply and demand or the law about bad money driving out good money; must be capable of realizing that under a beneficent government two plus two sometimes makes seven. The prospective employer is the Fiscal Policies Committee of which the President's uncle, Frederic Delano, is chairman.

One of the objects of the committee is to work out a formula for timing taxes and pump-priming so that government income and outgo will pull together to level out both boom and slump.

Leveling Trade Barriers

A TURN in the tide of state-against-state laws is seen by the Federal Alcohol Administration in the Indiana legislature's expected repeal of its law levying discriminatory taxes on imported beer. As a result, Michigan probably will follow suit by striking Indiana from the list of states from which importation of beer is embargoed. Missouri also is considering repeal of its anti-discrimination law, although its validity was recently upheld by the Supreme Court.

Chamber Members Protest

THE U. S. CHAMBER OF COMMERCE has a bear by the tail and is hunting for a safe way to let go. Last week it staged one of its normally innocuous get-together conferences—this time between the producers and processors of farm products—at which all factions talk over a problem, go home without taking any action, but with a better idea of the other fellow's viewpoint.

In some unexplained manner news reports gave the impression that some inflammatory individual outbursts were official Chamber views. Result: a deluge of protests from its sensitive membership.

Barring Fats and Oils

IMPORTERS OF FATS and oils are in for trouble. Spurred by tumbling prices of fats and oils produced in this country, domestic producers of soybean, cottonseed, corn, bean, and fish oils, also butter, tallow, lard, and grease have ganged up for the avowed purpose of making the U. S. self-sufficient.

The group is putting the heat on Sec. Wallace and the Tariff Commission, and now is going down the line of Congressmen. Its bag of tricks include higher tariffs, import quotas, excise taxes. And if Sec. Hull's trade agreements get in the way, they will be included among its targets. Soap industry would be hard hit.

*They keep
their
EYES
on the
WORK
instead
of the
keyboard*

3996 Items Per Hour

Miss Catherine Norwood of Baltimore demonstrates speed of the Underwood Sundstrand in stop-watch test and in the presence of two witnesses.



5192 Items Per Hour

Miss Lillian Dietzman of Philadelphia operating an Underwood Sundstrand. The stop-watches registered more than 86 items per minute. Note that her eyes are on the work—only her right hand is on the keyboard.



Consider not only the *speed* of the Underwood Sundstrand. Think of the ease of operation—the saving of eye-strain—the saving of hand travel—the freedom from head-swinging fatigue. On this modern adding-figuring machine, there is no need to swing your head from keyboard to work. One hand stays on the simplified ten-key keyboard. The other hand and the eyes follow the work!

The Underwood Sundstrand adds, subtracts, multiplies and divides with an ease that is astounding. With only ten numeral keys to operate, touch-figuring develops naturally as it is simply a habit you acquire in an incredibly short period of time.

Let us demonstrate the new Underwood Sundstrand on your own work in your own office. We believe you will find it faster and so much easier and pleasanter to operate that you will want to switch to an Underwood Sundstrand immediately.

Write or telephone our nearest Branch for a free trial today.

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*10 Numeral
Keys...
that's all!*



Magnetic Miracles

How you can make easy work of many "impossible" problems

If anyone says these are not miracles, let him look at the savings many industries are making by using Cutler-Hammer electro-magnetic devices. Let him see giant machines clutched and declutched smoothly at the touch of a remote button . . . or parts of machines started and stopped in automatic cycles. Or let him see huge stacks of freezing-cold, jagged scrap metal . . . or castings red hot from the mold . . . wafted about by a C-H Lifting Magnet. Such "miracles" pay handsome dividends to people who find ways to use them. Ask a Cutler-Hammer engineer about your problem. CUTLER-HAMMER, Inc., Pioneer Electrical Manufacturers, 1275 St. Paul Ave., Milwaukee, Wis.



Sort it

In many manufacturing processes, stray iron can cause much trouble. It can damage machines, demoralize production. It can contaminate chemicals, foodstuffs or many other substances in process. You may have any one of a dozen reasons for using a Cutler-Hammer Magnetic Separator. Why not discuss your problem with a qualified expert. Write for a Cutler-Hammer engineer.



Lift it

A Cutler-Hammer Super-magnet does jobs in minutes that formerly required hours. Handles jagged scrap, rolls of hot steel strip, red hot castings, rails, wheels, bars, tubes, nails or steel parts in kegs, bags or boxes. Works equally well under blazing sun or in sub-zero ice. Is it the answer to your handling problem? Ask Cutler-Hammer engineers for counsel.



Control it

Many problems of machine performance find their answer in a Cutler-Hammer Magnetic Clutch. It provides every function of a mechanical clutch with many extra advantages. Definitely cushioned action. Control at any remote location or at any number of locations by simple relay and standard push button. Makes possible automatic operation in many machine designs where space limitations or a fixed speed relationship must be met. C-H Magnetic Clutches are made in a wide range of sizes. Consult a Cutler-Hammer engineer.



Stop it



When machine performance calls for quick stops, it's a job for Cutler-Hammer Magnetic Brakes. The action is smoothly cushioned magnetically, operation is positive and absolutely dependable, control by push button or any automatic contact arrangement. Passenger and freight elevators, huge traveling cranes are typical applications of Cutler-Hammer Magnetic Brakes. Do you have a "stop" problem? Let Cutler-Hammer work with you on its solution.

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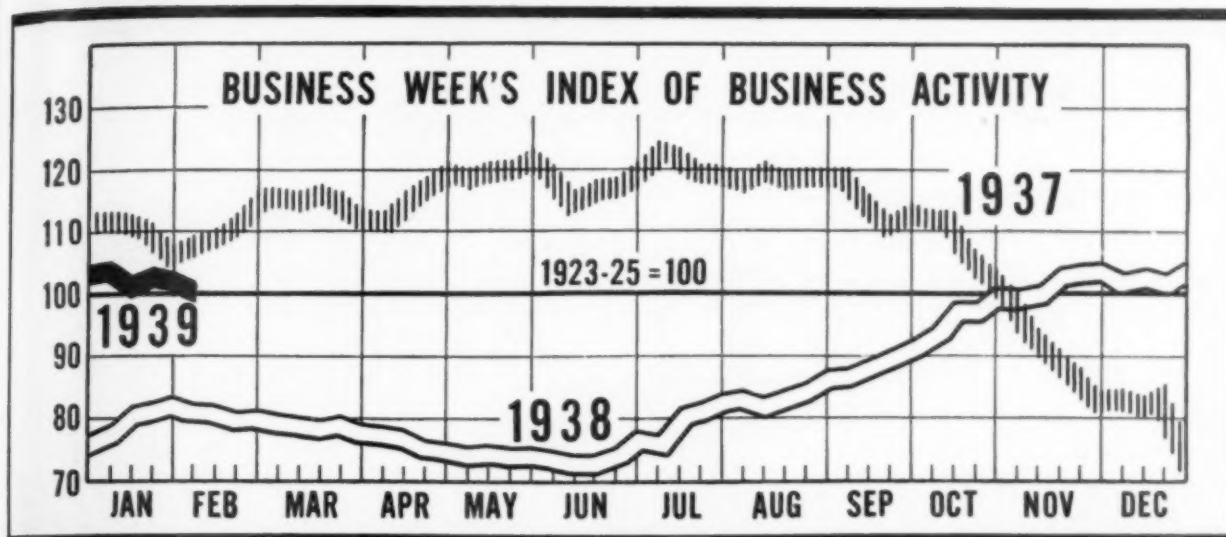
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THE FIGURES OF THE WEEK



THE INDEX

PRODUCTION

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
★ Steel Ingot Operations (% of capacity).....	53.4	52.8	51.7	39.4	30.7
★ Automobile Production	79,410	89,200	76,685	14,771	51,443
★ Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$3,279	\$3,479	\$3,603	\$3,502	\$1,323
★ Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$8,564	\$11,822	\$16,038	\$9,485	\$9,336
★ Electric Power Output (million kilowatt-hours).....	2,287	2,293	2,169	2,116	2,082
★ Crude Oil (daily average, 1,000 bbls.).....	3,442	3,248	3,215	3,318	3,316
★ Bituminous Coal (daily average, 1,000 tons).....	1,425	1,362	1,574	983	1,299

TRADE

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
★ Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	61	61	63	62	57
★ All Other Carloadings (daily average, 1,000 cars).....	38	37	42	36	38
★ Check Payments (outside N. Y. City, millions).....	\$4,063	\$3,860	\$5,183	\$3,965	\$4,132
★ Money in Circulation (Wednesday series, millions).....	\$6,663	\$6,623	\$6,839	\$6,465	\$6,323
★ Department Store Sales (change from same week of preceding year).....	-1%	None	+2%	-11%	-10%

PRICES (Average for the week)

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	143.0	142.6	143.7	144.7	148.9
Iron and Steel Composite (Steel, ton).....	\$36.35	\$36.35	\$36.36	\$36.49	\$38.94
Scrap Steel Composite (Iron Age, ton).....	\$14.88	\$14.88	\$14.92	\$14.33	\$13.92
Copper (electrolytic, Connecticut Valley, lb.).....	11.250¢	11.250¢	11.250¢	10.125¢	10.000¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.70	\$0.72	\$0.72	\$0.67	\$1.01
Sugar (raw, delivered New York, lb.).....	2.78¢	2.80¢	2.78¢	2.75¢	3.16¢
Cotton (middling, New York, lb.).....	9.02¢	8.97¢	8.84¢	8.47¢	8.67¢
Wool Tops (New York, lb.).....	\$0.869	\$0.855	\$0.850	\$0.813	\$0.821
Rubber (ribbed smoked sheets, New York, lb.).....	15.73¢	15.53¢	16.13¢	16.00¢	14.33¢

FINANCE

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Yield—Corporate Bonds (Standard Statistics, 45 issues).....	5.72%	5.74%	5.73%	5.75%	5.90%
Yield—U. S. Bonds (average of all issues due or callable after 12 years).....	2.45%	2.48%	2.48%	2.51%	2.65%
Yield—U. S. Treasury 3-to-5 year Notes.....	0.63%	0.64%	0.68%	0.70%	1.12%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	½-¾%	½-¾%	¾%	¾%	1.00%
Business Failures (Dun & Bradstreet, number).....	255	301	254	249	274

BANKING (Millions of dollars)

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Demand Deposits Adjusted, reporting member banks.....	16,048	16,152	15,688	14,951	14,464
Total Loans and Investments, reporting member banks.....	21,442	21,428	21,526	20,560	21,234
Commercial and Agricultural Loans, reporting member banks.....	3,767	3,765	3,826	3,865	4,394
Securities Loans, reporting member banks.....	1,327	1,375	1,443	1,176	1,379
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	9,962	9,919	9,921	9,301	9,306
Other Securities Held, reporting member banks.....	3,247	3,228	3,193	3,094	2,947
Excess Reserves, all member banks (Wednesday series).....	3,480	3,600	3,300	2,924	1,385
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,582	2,583	2,604	2,574	2,594

STOCK MARKET (Average for the week)

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
50 Industrials, Price Index (Standard Statistics).....	120.7	116.8	126.6	125.4	104.9
20 Railroads, Price Index (Standard Statistics).....	30.3	29.1	32.8	30.5	28.9
20 Utilities, Price Index (Standard Statistics).....	69.5	66.0	66.4	61.5	54.6
90 Stocks, Price Index (Standard Statistics).....	98.4	95.9	102.2	100.2	84.8
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	71.8	†1,032	1,070	939	795

★ Factor in Business Week Index. * Preliminary, week ended February 4. † Revised. § Date for "Latest Week" on each series on request.

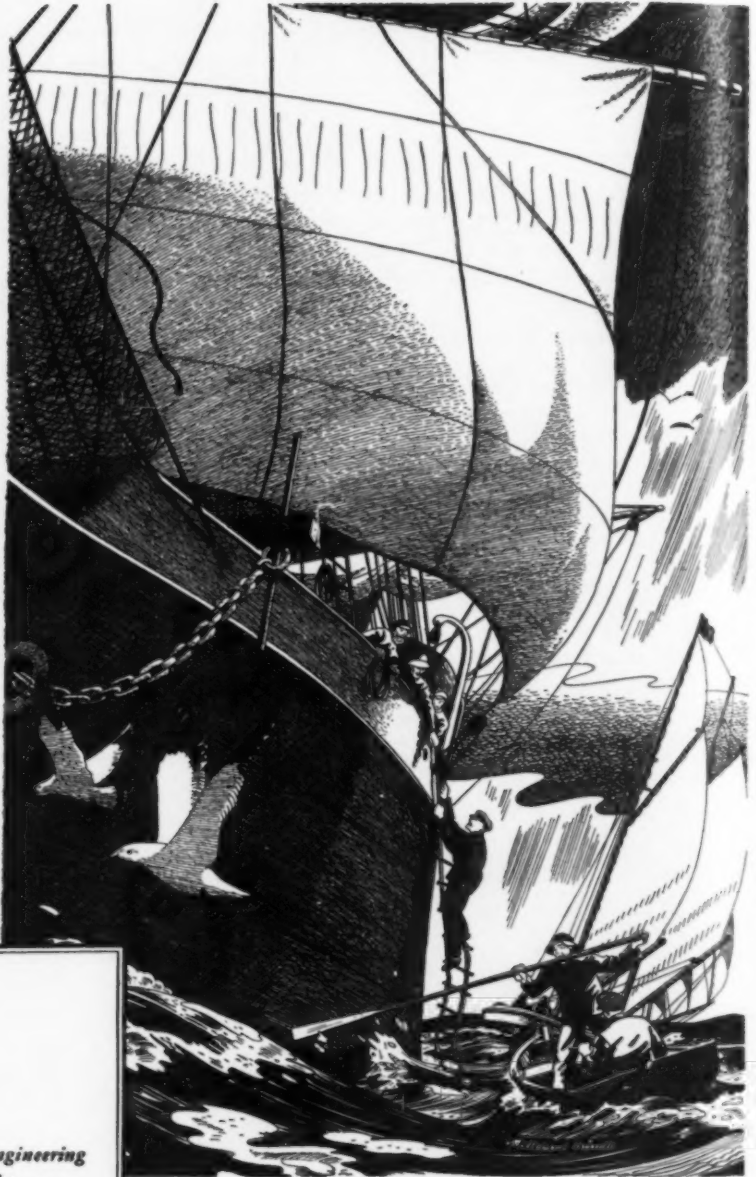


"PILOTS" ARE HELPFUL TO MANAGEMENT, TOO

Even the smartest of blue water captains picked up a pilot when making port. They needed his special knowledge of changing tides, currents and channels.

Today, changes are taking place so rapidly in industry that few managements have the time or facilities to keep informed of them all. Many successful businesses have found impartial studies and analyses made by **SANDERSON & PORTER** helpful in adapting their policies to changed conditions.

The firm, **SANDERSON & PORTER**, is a partnership established more than 40 years. Its organization includes individuals of widely varied experience, whose composite advice and service are available to clients. Arrangements to have a **SANDERSON & PORTER** representative call to discuss your problems may be made, without obligation, through any of the firm's offices.



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BUSINESS WEEK

February 11, 1939

THE BUSINESS OUTLOOK

Main news of the week was the agreement between TVA and the Commonwealth & Southern. This foreshadows more spending by utilities. Also, pump-priming is rising sharply.

THIS WEEK has been marked by another loss in the business index, but by a brightening of the longer-term outlook. Since the immediate loss was chargeable in great part to an accidental factor (the Middle Western storms), and since the portent of longer-term gain (the TVA agreement) may prove of fundamental significance, the net effect on the general outlook is an improvement. A greater degree of confidence can now be placed in the business prospect for the spring and early summer.

10 Weeks of Consolidation

The business index dropped this week to 102, down $3\frac{1}{2}$ points from the peak reached in the first week of 1939. The period of consolidation, however, actually began in November, when the index crossed 105 for the first time. In other words, there have been 10 weeks of pause, during which it is reasonable to think that a good deal of the correction which would naturally follow such a rapid advance as that of last year may have been accomplished. There is no reason to think that this period need last longer than another month, or that the index, if it penetrates 100 on the downside, need do so by more than two or three points or more than temporarily.

Storms and Carloadings

The main part of this week's loss was due to the drop in carloadings, since snows in the Middle West and West seriously hampered traffic. Loadings probably dropped by about 20,000 cars, or $3\frac{1}{2}\%$, during the week, but next week's figures should show a recovery to the best level of 1939.

Automobile Output

Automobile production declined last week, mostly for the same reason as carloadings, from the 90,000 to the 80,000 car level. A recovery of this loss is not to be expected until the spring selling season is closer. Daily average production usually stays about the same during February as during January, and there

are two holidays in the current month to cut down the total. More important, stocks of new cars are believed to have risen by the end of January to a figure perhaps halfway between the more normal level of two years ago and the admittedly excessive level of one year ago. Although stocking up may be necessary now in fear of a jurisdictional tie-up resulting from the split in the union, it is likely to be paid for by a more than seasonal decline later this month or next.

In the Outlook



Harris & Ewing

The Tennessee Valley Authority's decision this week to buy up the Tennessee electric properties of the Commonwealth & Southern Corp. doesn't only mean the end of the long-drawn out scrap between TVA's Director David Lilienthal (left), and Commonwealth & Southern's President Wendell Willkie. It holds a potent promise of peace between the Administration and private utilities, furnishes a chance for the millions in expenditures, dammed up by the fight, to be loosed.

The only alternative would be to hold on in hopes of a more than seasonal upturn in retail sales in April, which the schedules of the companies indicate that they are counting on, but this would necessarily be a good deal of a gamble.

May Break Utility Snarl

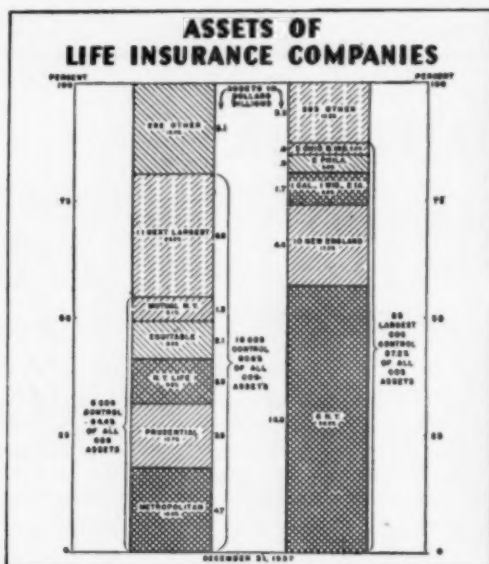
The most significant news of the week was the agreement reached between the TVA and the Commonwealth & Southern for the sale of the latter's electrical properties in Tennessee, and at a price which came much closer to the terms of the private utility than to those originally set by the government. If the spirit shown in this agreement is borne out by the remaining negotiations in the Tennessee Valley, and by the future policy of the TVA as regards expansion, it might easily prove the deciding break in the utility snarl. The electrical equipment industry has just reported a marked increase in sales during January, and a more permanent improvement based on peace between the utilities and the government would be a major factor in general business recovery.

The stock market took the TVA news quietly, and its action may indicate that securities are now valued about where they should be in line with current earning power. Based on results in the last quarter of 1938, prices are about 20 times earnings; the early 1939 rate may very well prove to be 20% higher, so that the price-earnings ratio today may be only sixteen or seventeen to one. This ratio has not been looked on as excessive midway during recovery periods in the past.

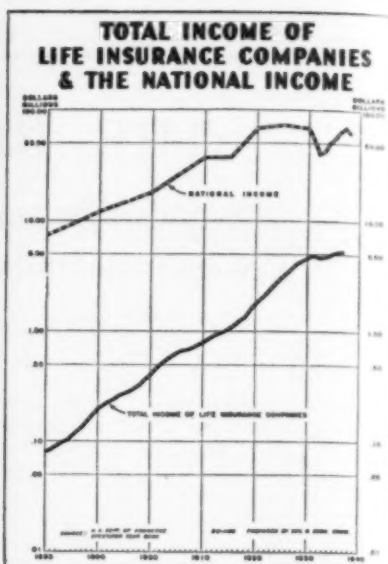
What U. S. Is Spending

Last week the Treasury Department issued a new bulletin, showing for the first time the official estimates of its cash income and outgo. Cash income and outgo are the important series rather than the official budget income and outgo, which fail to include non-budget items such as the unemployment trust fund and which treat old-age reserve account investments in government bonds as if they were ac-

The TNEC Takes on Insurance



Two of the many charts placed in evidence by the Securities and Exchange Commission this week as the Temporary National Economic Committee began its investigation of the insurance



field, focusing on the fact that a few companies hold the balance of power in the field, that all companies have a potent sphere of influence in industry because of big investments. This week

Frederick H. Ecker, board chairman, Metropolitan Life Insurance Co. (top) and Thomas A. Buckner, board chairman, New York Life (below) began their rebuttals to SEC allegations.

tual expenditures. The cash deficit is much smaller than the budget deficit, and will probably remain so as long as the unemployment and old-age funds are building up their positions.

For the last six months of 1938 the cash deficit averaged \$187,000,000 per month. Since the total monthly national income paid out increased (after seasonal adjustment) by about \$280,000,000 between the recession low in May and June and the end of the year, it might be argued that deficit spending accounted for two-thirds of the rise. The actual percentage was doubtless smaller, since some private spending must have been postponed as a result of the public spending—both due to actual competition in the bond market or in construction (for example, private power expansion postponed due to financing of municipal projects) and to general uncertainty about the future of the deficit policy.

The net effect of the pump-priming was without doubt stimulating, and may well have accounted for half of the increase in purchasing power which took place in the latter part of 1938.

Rise in Pump-Priming

In the first six months of 1939, a preliminary estimate places the cash deficit at somewhere between \$275,000,000 and \$325,000,000 per month. In other words, the rate of pump-priming is now being stepped up by 50% or better, and business is likely to feel the effect in the spring.

TVA Breaks a Power Dam

Release of utility spending, held back by government competition, is seen as result of peace moves started by TVA deal with Commonwealth & Southern.

NOW, FOR THE FIRST TIME in more than five years, the federal government and the electric power industry are on the verge of concluding peace—a peace which can release hundreds of millions of dollars of public utility expenditures that have been dammed up ever since 1933. The greatest single obstacle to peace was removed last weekend when Tennessee Valley Authority agreed to buy Tennessee Electric Power Co. from Commonwealth & Southern for \$80,000,000.

This purchase can mean a lot of different things to a lot of different people. To the New Dealers, it means that TVA is paying about \$20,000,000 for properties it didn't really need in order to settle a bad situation. To Wendell L. Willkie, Commonwealth & Southern's president, it means that he has succeeded in his long fight to sell Tennessee Electric's properties as a whole and not piecemeal. To 400 cities, towns, and hamlets in the TVA area it means the largest experiment in public ownership this country has ever undertaken.

But to most people, and to business as a whole, it means that the way has been paved for the utilities once more

to undertake expansion of their facilities on the largest scale since 1931. Not that there will at once be a great splurge of utility company spending, for many companies are not yet secure from federally subsidized competition. But they insist they are ready to go if the government will make just one or two more concessions, concessions which can be made gracefully under the guise of national defense (BW—Oct 22 '38, p. 15; Nov 5 '38, p. 16).

Factors Promoting Solution

Many factors have contributed to this rapid progress toward settlement of the power controversy. First, the New Deal yardstickers have come pretty close to gaining their major objectives—reduction of electric rates and broad federal regulation of utility operations and finances.

Secondly, the utility industry's attitude has changed. Many executives of the power companies still hold that TVA's operations aren't a fair yardstick for electric rates and that the holding company law is harsh and destructive. Yet they have seen their legal objections beaten in the Supreme Court, and they have seen the private companies,

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particularly in the TVA area, brought to their knees by competition which was sure to be ruinous. So they have decided that the only option is to come to terms.

Encouragement—and Result

The utilities were encouraged to come to terms by William O. Douglas, chairman of the Securities and Exchange Commission, who undertook to tell them that they wouldn't be destroyed by the holding company act. They were further encouraged by the Administration's national defense planners. Most recently, according to persistent reports, they have been encouraged by the new Secretary of Commerce, Harry Hopkins, to believe that the New Deal wants peace in the interest of recovery.

The result is that National Power & Light (Electric Bond & Share affiliate) has sold three of its subsidiaries in the TVA area in transactions involving about \$15,000,000; Commonwealth & Southern has agreed to sell Tennessee Electric for \$80,000,000 even though C. & S. valued the company at \$94,000,000; American Power & Light (Bond & Share) has contracted to sell properties of Texas Power & Light in 16 counties to the Lower Colorado River Authority for \$5,000,000; United Light & Power had agreed, until legislative and financial obstacles intervened, to sell competing properties of Iowa-Nebraska Power & Light to Nebraska's "little TVA" for about \$22,000,000; all the major holding companies submitted to registration under the holding company law.

Acts Promoting Peace

Utility executives, having gone this far, think they could be sure the government really means peace if it would do the following things:

- (1) Promise that the Public Works Administration will make no more loans and grants to "little TVA's" and to cities for duplicating existing private systems.
- (2) Encourage the city of Memphis to conclude a contract to buy Memphis Power & Light (a National Power & Light-Electric Bond & Share property).
- (3) Stop construction of transmission lines from Bonneville Dam for which some \$30,000,000 already has been appropriated. (Companies in the Northwest are ready to sign up for Bonneville juice and to pass any savings along to customers. They feel that construction of duplicating transmission lines will mean a repetition of troubles which have afflicted companies in the TVA territory over the last five years.)
- (4) Conclude quickly with Commonwealth & Southern a gentleman's agreement protecting its properties in Georgia, Mississippi, and Alabama from competition with an expanding TVA at some future date.

In view of TVA's agreement to buy Tennessee Electric, leading utility execu-

tives this week expressed high hopes that an understanding with the government is in sight. Some even went so far as to predict that utility expenditures, which have averaged around \$400,000,000 in the last couple of years, will be increased by 100% to 150% in the near future. The desire to loose these expenditures as an aid to recovery, the industry has been led to believe, is the reason behind the government's shift in policy toward the power companies.

Meanwhile, certain technicalities remain before Tennessee Electric's properties will be delivered to the new owners. TVA intends to call on the 400-odd communities served to buy the distribution facilities—for a reported \$40,000,000—while the authority will take over the generating and transmission facilities.

Woe of "Little TVA"

Nebraska project has troubles that block ambitious plans for expansion.

PLANS OF NEBRASKA'S "little TVA" to buy out private utilities and spread out into Sen. George Norris' dream of a state-wide public power project this week seemed to face difficulties which awed the most rabid advocates. Silt in the hydro-generators of one project, ice jams which wrecked the intake of another's reservoir have received many press columns in the last year or so. Now the jams are in municipalities' town councils and in the state's unicameral legislature.

The little TVA was all set, a short time ago, to buy for \$20,195,591 the Iowa-Nebraska Power & Light Co. properties which would fit into the ambitious project. The Federal Power Commission rushed approval of the deal. Private bankers were all set to float the necessary bonds. Whereupon a squabble over rate-making authority and taxation shot the negotiations sky-high, the bankers backed out, and Iowa-Nebraska Power called off the sale.

Issues That Vex Communities

Among the troubles was a worry on the part of cities and towns as to where a big slice of their tax revenues would come from after the private utilities were sold to the power districts. Other difficulties involved the question of who should make rates. The state legislature is rushing new laws, but the FPC approval expires Feb. 27.

Behind this is a long story of troubles for the \$150,000,000 scheme. There are three main projects. The Loup project is nearly finished at a cost of \$12,500,000, but it has silt trouble. The river carries 6,000,000 tons of silt a year, and the flow varies from 1,710,000 acre-feet to 3,680,000. A \$1,250,000 installation to cope with silt is now in place but it hasn't had a real test.

The second project, Sutherland reservoir, holds 180,000 acre-feet of water and is filled by a 7,200 ft. siphon from the North Platte. Twice last winter ice jams wrecked the siphon and it didn't carry water again until last November. This is a \$11,226,000 project with debt of \$8,776,000.

Tri-County Under Construction

The largest project is Tri-County which is still being built. Contracts were let last month for its Keystone dam, which is supposed to regulate the river flow below to aid the other projects as well as to produce power on the spot. When completed, Tri-County will have cost \$36,000,000 and will be in debt for \$19,763,000.

So far about 825 miles of transmission line have been built and contracts will soon be let to build 200 miles more. These three districts want to buy all the 13 competing private utilities—about a \$100,000,000 proposition—and resell local distribution systems to the communities served. That's where the old, familiar cry of loss of local taxes comes in.

Cineston

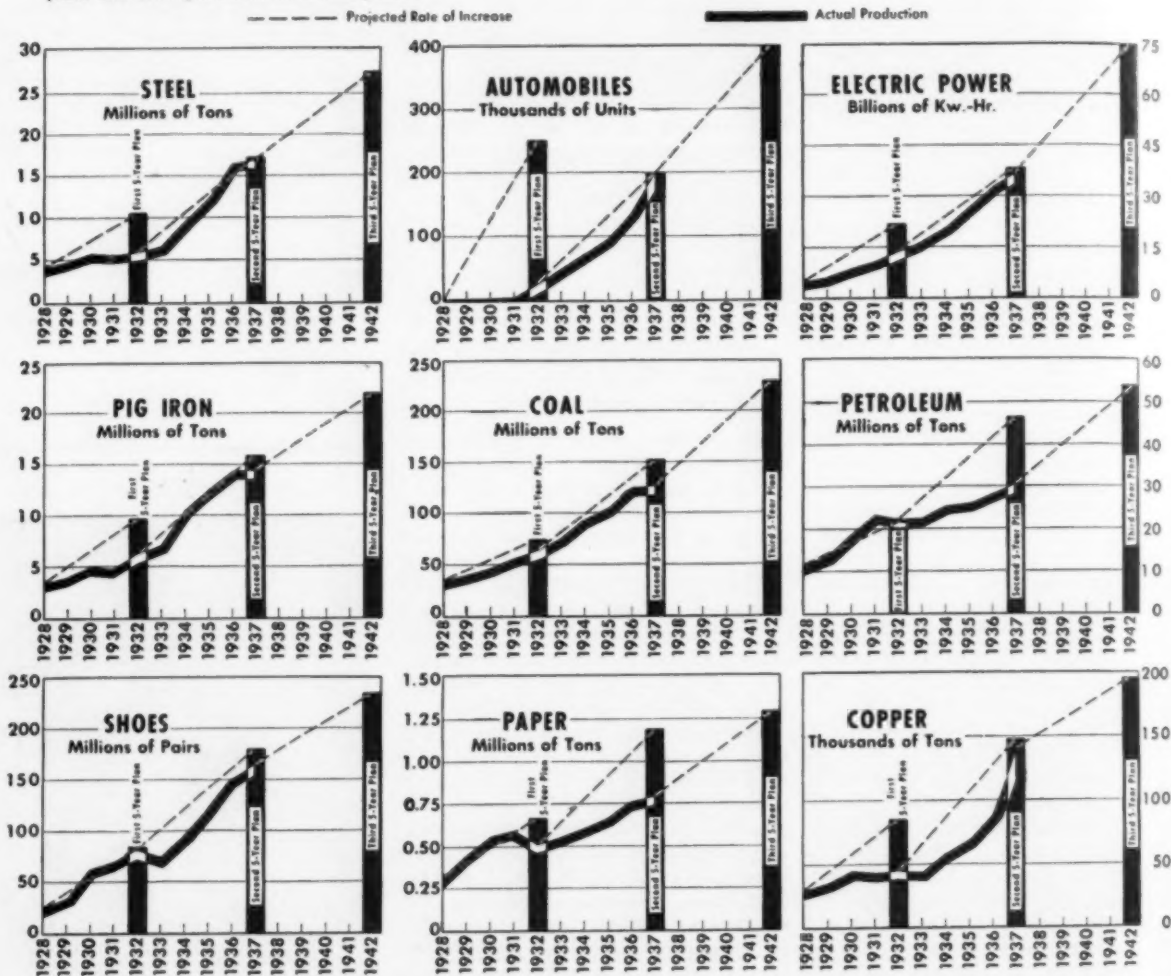


It just takes this cineston (handle, to the layman) to operate the motors and brakes of the new aluminum subway car which is to make its debut on the Brooklyn-Manhattan Transit subway system in New York City next month. Working the cineston from left to right keeps the car moving; working it up and down applies the brakes. The new car's also got rubber-cushioned wheels and springs, mirrors, air-conditioning.

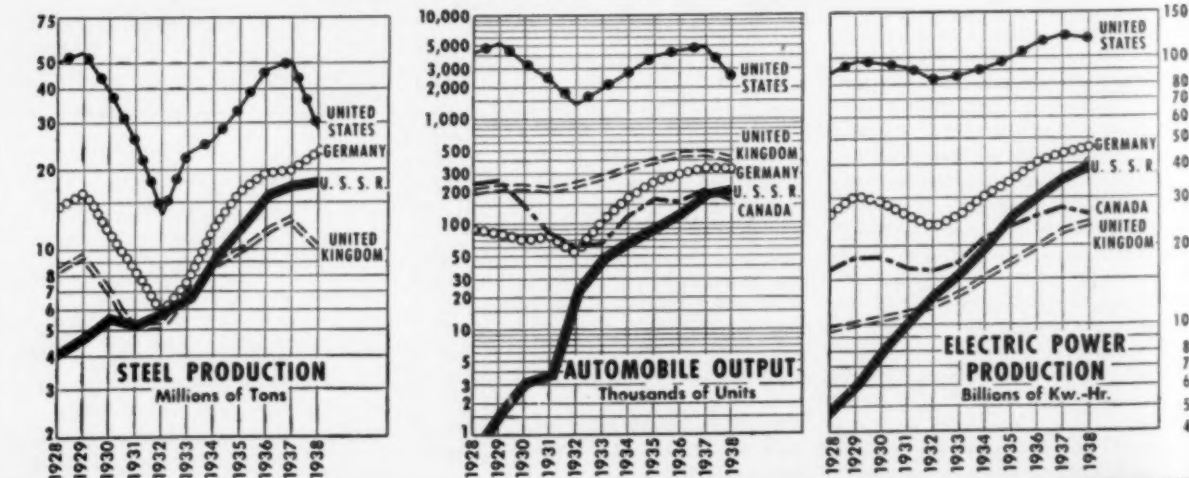
THE SOVIET UNION

A Record of Plans—and Accomplishments

In 1928, the Soviet Union startled the world with the announcement of the first of its 5-year plans for the economic development of the country. Sitting in Moscow, a State Planning Commission laid out on a blueprint a schedule of production in every line of agriculture, transportation, and industry. Some goals were achieved; some were not. But Kremlin officials like the system and have just announced preliminary details for the third 5-year plan (to end in 1942). Here's how they look in relation to previous plans and accomplishments in nine key lines.



Russia Among the Industrial Leaders



1938 estimated

© BUSINESS WEEK

Russia's Third Five-Year Plan

American industry will again receive large new equipment orders, as Soviet Union arms itself and builds up heavy machinery, oil, and chemicals.

Moscow (Cable)—In 1928 the Soviet Union inaugurated its first Five-Year Plan—aimed at industrializing Russia.

In 1928-1932, the Soviets bought nearly \$320,000,000 of American heavy machinery to start them on their vast "planned economy" project. In those lean years (biggest sales were in 1930 and 1931) the Soviet orders made quite an impression on our market.

Since that time, Russia has completed a second Five-Year Plan (1933-1937), and on March 10 (more than a year late because of the unsettlement caused by the purges) it will announce details for the third Five-Year Plan, to end in 1942.

Only sketchy details of the new plan were revealed recently by Molotov, president of the Council of People's Commissars (equivalent to premier), but they have already convinced business leaders that United States industry will again receive large new equipment orders from Moscow; for the Soviets will continue to arm and to build up their heavy machinery, oil, and chemical industries. Last year's purchases of \$65,000,000 of American machinery probably will be equalled each year till 1942, especially if the Soviets can balance this business with a fair volume of sales to the United States.

In 1927, when Moscow announced its

first Five-Year Plan, the world viewed skeptically the prospect of industrializing a nation of 160,000,000 "according to plan." In 1939, most of the skepticism is gone. Moscow still has far to go to attain its goal of outstripping "all the capitalist countries," but its accomplishments are impressive (see charts), and its newest plan is more modest than was the first.

The Soviets still want to be industrial leaders, but they have lost their enthusiasm for gargantuanism. They intend to complete the Palace of the Soviets in Moscow, and to make it the world's tallest building, but they are abandoning the gigantic industrial projects which featured the first Five-Year Plan in favor of smaller units scattered throughout the country near centers of population or near raw materials.

Automobile production will double in the next four years, but it will still be no greater than the present potential production in Germany and Great Britain, both of which have much smaller populations.

Oil production, which has made a com-

These Men Rule the Soviet Union



ALL ON ONE PLATFORM—a precedent-breaking occurrence—gathered the Soviet Union's top officialdom on Jan. 21 at the Bolshoi theater in Moscow to commemorate the fifteenth anniversary of the death of Lenin.

The rank of these leaders is less a matter of formal title than of their influence in Party councils, for despite Russia's move in the direction of government by duly elected officials, the real rulers of the Soviet Union are the members of the Politburo—heart of the Communist Party.

Theoretically, there are ten men on the Politburo—actually, only seven now; though Zdanov, who presides at

the meeting, and Ezhov, who peers into the picture, third from the left in the second row, are alternates.

To the right of Zdanov are Stalin and Voroshilov, both Politburo members. As Secretary-General of the Central Committee of the Communist Party, Stalin is, of course, the ranking government leader. Voroshilov is the leader of the Red Army.

To the left of Zdanov are Molotov, Kalinin, Andreyev, and Kaganovitch—all Politburo members. As president of Council of People's Commissars, Molotov is, in effect, Russia's premier and No. 2 man of the state. Kalinin is president of the Supreme Council, and

Kaganovitch is Commissar of Heavy Industry and of Railways.

The seventh present member of the Politburo is Mikoyan, fourth from the left in the second row, standing next to Ezhov. Mikoyan is Commissar of the Food Industry; Ezhov, former head of the OGPU, is Commissar of Water Transport.

Another well-known figure is Dimitrov, the Bulgarian who was tried for setting the Reichstag fire and who appears two down the line from Mikoyan, a bulky figure in gray. Budenny, second to Voroshilov in the Red Army, is the uniformed man standing behind Zdanov.

paratively bad showing during the last 10 years, will be boosted. But more important is the fact that a new oil field will be exploited between the Volga and the Urals and further from the Ukraine, which Germany is known to covet.

The chemical industry is going to be made one of the most important in the Soviet Union. It will push the production of rayon and other synthetic textiles, and will be responsible for the building of 13 new plants for the manufacture of synthetic rubber.

Transport, one of Russia's biggest problems, will be tackled realistically. More than 7,300 new locomotives will be built before 1942; 7,000 miles of new rail lines will be laid, and 1,150 electrified.

Purposes of the Plans

Russia's first Five-Year Plan aimed to make the country as nearly self-sufficient as possible in the production of machinery. From that point, it was believed that the Soviet Union could go ahead with its own plans without the fear of being cut off from foreign sources of supply. This goal was only partially achieved and, in addition, replacement of a good deal of heavy equipment was necessary because of the lack of skilled operators.

The second Five-Year Plan was expected to continue this construction in the heavy industry field but at the same time to concentrate on consumer goods—a variety of foods, finer and more plentiful items of clothing, better housing, more roads and automobiles, more "fun." This goal was achieved in only a modest way.

Two factors are blamed for the lack of complete success in the second Five-Year Plan; internal "sabotage" which led to the purges that started in the winter of 1936-37, and necessary revision of internal plans to meet the defense needs of the country which developed because of growing threats on both the East (Japan) and West (Germany and Italy).

Kremlin authorities insist now that the biggest achievements of the second Plan were the "liquidation of the exploiting classes," the development of large numbers of trained workers, and the creation of an economy which can be economically independent of the rest of the world if necessary.

Officials to Enforce Discipline

It is plain from the developments of the last few weeks that Soviet officials intend to push their labor training program further. Workers have acquired a certain degree of skill in the last 10 years, but many of them lack any discipline and have been tardy or absent too frequently. New labor laws will put an end to this laxness, and a national register of all workers will make it impossible for workers to move from plant to plant.

The dream of brightening the lives of the workers will be pushed during the next four years, but it is admitted from

the first that major efforts will still be concentrated on the heavy industries and armament, and on the building of emergency reserves of all products. The purge will continue, but the casualties are likely to be far less numerous.

FTC Hits Agencies

Commission intends to call agencies as well as advertisers to task for copy adjudged misleading under Wheeler-Lea Act.

WASHINGTON (*Business Week Bureau*)—Advertising agencies are due for a jolt from the Federal Trade Commission. Too soon have they congratulated themselves on the exemption, which they carelessly assumed they had, from the Wheeler-Lea Act which in March of last year granted FTC wide powers over advertising of food, drugs, cosmetics, and health gadgets.

Agencies, broadcasting stations and publishers are specifically exempt from the criminal penalties of the law (Section 14) for false advertising but the commission contends that they are liable to civil prosecution (Section 12), and it is going to take the agencies in hand when responsibility for false advertising can be fixed on them.

One of FTC's complaints, possibly leading to a cease-and-desist order, really isn't so tough but a flock of them may be very annoying, particularly when each complaint requires the filing of a complete set of proofs, insertion orders, pamphlets, brochures, display pieces, radio continuities, and other pertinent data. The commission rather hopes that if it keeps snapping at the advertising agencies' heels then there may come a change in their attitude towards their business.

P. B. Morehouse, head of FTC's Radio & Periodical Division, says there's a minority of agencies whose copy is almost invariably ambiguous and misleading and that even the more reputable regard their business from the standpoint of how much they can get away with. In the back of his head, Morehouse cherishes a notion that FTC's activity will promote really effective voluntary censorship.

At any rate, FTC is sick and tired of having advertisers pass the buck to their agencies. From now on, advertisers whose copy for publication or broadcasting continuities is questionable will be asked to report in the first instance whether they employ an agency; if so, whom, and the duration of the contracts. If an agency is involved, the commission then will send to the agency a question-

Wage Standards for Apparel Industry



Of the three industry committees already appointed to consider establishment of wage minimums above the statutory base of 30 cents an hour set by the new wage-hour law, the committee for the apparel industry shows promise of being the first to iron out its complications. In a

subcommittee huddle over such problems as region differentials are (left to right) Sidney Hillman of the Amalgamated Clothing Workers, Louis Kirstein of Wm. Filene's Sons Co., David Dubinsky of the International Ladies' Garment Workers, Delos Walker of R. H. Macy & Co.

"Unforeseen events . . . need not change and shape the course of man's affairs"



... AND KEEP YOUR POWDER DRY

There is more to a fidelity bond than simply reimbursing you after the loss has been found out. The very knowledge that your employees are bonded helps to prevent defalcations...discourages deliberate dishonesty...deters the man or woman who might yield to sudden temptation. It fits the needs of the employer who has full trust in his employees but who knows it is common sense to "keep your powder dry."

When you bond your employees with The Maryland, too, preventive machinery is automatically put to work. Individual employe records are investigated, facts ascertained which might not be readily available to the employer. Careless han-

dling of funds or stock, faulty accounting methods or other dangerous loopholes often are uncovered. Weak spots in business operations can be exposed, so that ordinary forms of misappropriation may be discovered in the early stage. Recommendations along these lines to one policyholder made possible a saving of \$50,000 in annual cost.

It is only good business—for you, for us and for the employe—if you can cut down the number of defalcations and the resulting loss. It pays in many ways to "keep your powder dry." Maryland Casualty Company—Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland agents are equipped to help you obtain protection against unforeseen events in business, industry and the home.

IDEA FOR USERS OF INTERNATIONAL ELECTRIC ACCOUNTING MACHINES

Get the most from your International Electric Accounting Machines. For efficient operation, continuous forms held in perfect alignment are necessary. With the Formaliner, different forms of varying widths can be interchanged in the same machine without any mechanical changes.

FREE! New bulletin BW-564 shows how Rediform Business Forms and Approved Methods can benefit you. Write nearest address below.



Rediform
BUSINESS FORMS

AMERICAN SALES BOOK CO., INC.

Pacific Manufacturing Book Co. Inc., Emeryville, Cal.
Crosby-Wirth Manifold Book Co., Minneapolis, Minn.
Burt Business Forms, Limited, Toronto, Ontario.

naire seeking full information on the nature of its relations with the advertiser and the extent to which the advertiser participated in or gave directions about preparation of the advertising copy actually used. The commission then will proceed against the advertiser, the agency or both.

There's no distinction in the law between agencies, on the one hand, and publishers and broadcasting stations on the other. The commission apparently recognizes, however, a practical distinction between them because the agency may be directly responsible for copy using objectionable claims. For the present, at any rate, the commission's target is the agencies.

Regarding FTC's decision to throw all its weight behind the Wheeler-Lea Act, Morehouse remarks, "Why use a teaspoon when we can use a bucket?"

Excellent cooperation from most publications and most radio stations is commended by Morehouse, whose staff reads thousands upon thousands of pages of advertising copy and script every year.

FTC also is extending its reach in other directions. It has called on 52 mail order houses, eight of which specialize in food and drugs, for catalogues and circulars. It has also become a "subscriber" to 28 foreign language papers that are printed in this country, expecting that among the advertisers it will recognize some "old friends."

A boost of \$130,000 in FTC's appropriation to a total of \$2,324,000 for the fiscal year beginning July 1 was recommended by the Budget Bureau and was approved this week by the House Appropriations Committee.

Accountants Liable

Court decides a \$329,000 defalcation case in favor of surety company.

BUSINESS, FINANCIAL, AND LEGAL circles this week pricked up their ears at a court decision which, many maintain, may ultimately prove more important than the McKesson & Robbins case in determining the exact responsibilities of public accountants in checking cash balances.

The case involves defalcations of a cashier in the New York Stock Exchange firm of Halle & Stieglitz over a period of years. The total theft of some \$329,300 was confessed by Sampson Wallach, the cashier, on May 2, 1934, and the National Surety Co. made it good. Then National Surety, acting as assignee for the brokerage firm, sued three accounting firms which had audited the firm's books from 1928 to 1934.

Accountants were charged with breach of contracts to audit the books, with negligent auditing, with breach of warranty in the reports, and with misrepresentation of material facts. After hearing the case, the New York Supreme Court threw it out on the evidence without sending it to the jury. At the end of last week, however, the appellate division of the same court ruled that the evidence disclosed a *prima facie* case for National Surety which should have been submitted to the jury on all the theories asserted, and a retrial was ordered.

The Question of Responsibility

Facts in the case are substantially as follows: Wallach embezzled cash and covered the thefts by "kiting" checks at the time of the audits. At various times he also put through deposit slips to various of the 27 banks with which Halle & Stieglitz did business which did not correspond to the "duplicate" slips which he kept in the office. These things, the appellate division held, should have been discovered by the accountants.

Responsibility, the appellate court held, was for allowing the thefts to continue. The decision says that if there had been but one single theft it would have been an entirely different matter, that failure to discover thefts over a period of six years made it possible for Wallach further and further to run up the sum which the surety company ultimately had to pay. The accountants' allegation that there was contributory negligence on the part of the brokerage firm was in large part overruled by the court.

It is anticipated that this order for a

He's OUR NEW FILE CLERK!





Many a truth is spoken in jest and a seer could not find important papers in some files. However, crystal gazers are not needed in offices using Tri-Guard files and the Safeguard filing plan. They speed up filing and finding with less work and expense. Any employee can do the work with a minimum of supervision.

A wide variety of Globe-Wernicke business equipment is sold by dealers who recommend to customers' needs. Consult our dealer in your community for free illustrated filing chart and more information about our products and service to users—or write direct to us.





Each guide slides on three rods. The "sway-check" principle keeps contents upright without compression.

The Globe-Wernicke Co. . . CINCINNATI, O.

retrial on the evidence will be appealed by the accountants to New York's highest court, the Court of Appeals. Should the order for retrial be upheld, it still remains for a jury to determine the liability, if any, of the accountants.

Defendants in the case are Lybrand, Ross Bros. & Montgomery which audited the books in 1929-30, 31-32; George R. Bowden & Co. for the 1928 audit; McHefey & McDonough for that in 1933.

Small Town Buyers

20,000 of them inspect the fashions during Chicago semi-annual buying week.

WHEN Miss L. M. LeHew of the LeHew Hat Shop of Richland Center, Wis., reached Chicago last Sunday evening, she taxied to the Harriet Hammond McCormick Memorial Y.W.C.A. for a room at \$1.50. For four days she was up early, bustling about to look at manufacturers' lines and place \$500 of try-out orders to see how new fashions in millinery, women's wear, art needlework, hosiery, underwear, lingerie, and foundation garments will go among the women of her town's 4,000 people.

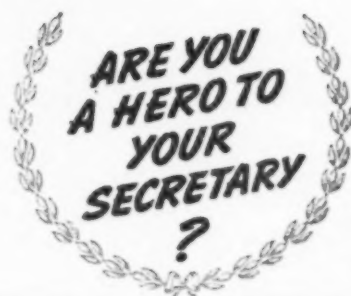
No night life for Miss LeHew. Her recreation on this buying trip was limited to an evening at the play, "Our Town," with friends, and a couple of movies when sheer fatigue compelled her to ease down during the buying day. She ate at inexpensive restaurants, kept within a modest budget.

Hard-Working Merchants

Typical of some 20,000 buyers who descended on Chicago for the semi-annual buying week of Interstate Merchants Council is Miss LeHew. From towns principally of 3,000-25,000 population between Denver and Columbus, O., came this flood of store owners and buyers to a market as unlike New York's as anyone might well imagine. Breakfast clinics opening at 8 a.m., luncheons with talks on sales promotion at big wholesalers, fashion show dinners at downtown hotels. Between times, looking at and buying from the 2,000 local and 850 out-of-town lines gathered together at a few central points.

These are the merchants who supply the Middle West's small-city and rural consumers. They are serious-minded workers, with only a sprinkling of good-timers in the lot. Chicago Association of Commerce organizes the event, sponsors the Interstate Merchants Council, and coordinates all efforts. The association puts out \$10,000,000 as the total sales by exhibitors.

This year's registration and order bookings showed early signs of beating all previous records for the semi-annual event's 18 years. Broadway's bright lights are Chicago's toughest competitor.



A SIMPLE QUIZ FOR DICTATORS



DO YOU call in Miss Gray with "her book" at nine sharp when she ought to be sorting your mail for dictation?



OR do you reach for your Dictaphone to get those fresh morning thoughts on record *instantly*—while they're hot?



DO YOU have to keep interrupting her work to jot down ideas (and do you fume when she's delayed?)



OR do you use your Dictaphone at your convenience—leaving Miss Gray to do real secretarial work for you?

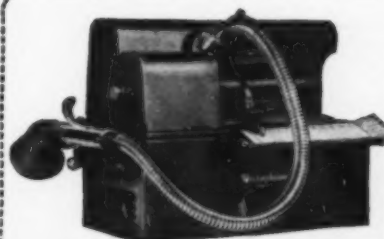


DO YOU keep her after hours to get that extra-long memo off your chest while she frets and misses her date?



OR do you use your Dictaphone after hours and let Miss Gray go home, admiring a Boss who makes work easier?

If you want to be a hero to your secretary, just call your local Dictaphone office or clip the coupon. Our demonstration offer has no strings to it. If you're like most men, once you've tried this modern dictating machine, you'll never be satisfied with old methods.



DICTAPHONE

Dictaphone Corporation, 420 Lexington Ave., N. Y. C.
In Canada—Dictaphone Corporation, Ltd.,
86 Richmond Street, West, Toronto

☐ I should like to talk with someone about the loan of a Dictaphone at no expense to me.

☐ Please send me copy of "Danger, Nobody Working."

Name _____

Company _____

Address _____

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

Here It Is—the Golden Gate Fair!

After three years' work, the Pacific Coast's big exposition is ready to open, at 8 a.m. Feb. 18.

At 8 o'clock on the morning of Feb. 18 the click of a turnstile will ring up the first cash customer on a giant National Cash Register towering above 100-year-old olive trees in the center of a man-made island in San Francisco Bay, and the West's greatest business venture of 1939, the Golden Gate International Exposition, will get under way.

Nature and the designers of the show have provided a magnificent setting for the exhibits that will interpret industry to the 10,000,000 persons expected to pass through the turnstiles during the 288 days of the fair.

The approach to Treasure Island and the views of the Golden Gate Bridge and the San Francisco-Oakland Bay Bridge, of San Francisco itself, Mt. Tamalpais and the Berkeley hills, really deserve the glowing descriptions of the press agents as "breath-taking."

Infinite care and planning have gone into production of the island and its structures. When the tumult and merry-making end next December, all but the island itself and two permanent buildings will be swept away to make room for an airport serving the skyways of the Pacific area.

Believe It's Good Investment

The exposition is the child of dreams and hard-headed business brought to maturity at a time when most business men were taking each step in uncertainty. Whether it will pay remains to be seen but win, lose, or draw, most executives of the West believe that it will have been a good investment.

Where Treasure Island now stands, three years ago you could have sailed a boat. On February 11, 1936, the first clumsy dredges were towed into the stretch of water. Four hundred acres were drawn from the bottom of the bay and spread out in a rectangle a mile long and 3,400 ft. wide. The cost was \$3,803,900. Permanent buildings, roads, drainage, sewerage, water supply and other services, financed largely by exposition-sponsored Works Progress Administration grants, brought total costs of constructing the site to about \$7,000,000.

There is an absence of garishness and Hollywood ballyhoo in this fair. Instead there are beautiful frames for the magnificent pictures provided by nature. California flowers, trees, and shrubs (\$1,000,000 has been spent on horticulture), lagoons, outdoor murals and, at night, entrancing effects in color lighting emphasize beauty rather than bombast.

Incidentally, visitors won't shiver from

wind or fog on Treasure Island. Buildings have been so arranged as to protect the entire exhibit area from wind blowing in through the Golden Gate. As for fog, records since 1892 show an annual average of only 142 hours in the particular spot in the bay where the island is located. From the middle of May to October, rain is unlikely and temperatures won't soar above 70 degrees.

From opening day next Saturday to about May 1, visitors will come chiefly from the 11 western states. The big "foreign" influx will begin when the tourist season opens and by that time exhibits and concessions will be 100% complete.

Aspects Attracting Executives

Visiting executives will be interested chiefly in four phases of the industrial exhibits: (1) new methods used by such national concerns as General Motors, Ford, du Pont, the railroads, and steel companies in interpreting their achievements to the public; (2) the bird's-eye view of western industry and business as revealed by the regional displays; (3) contact with business possibilities in the nations of the Pacific area, most of whom have their own buildings on Treasure Island and several of whom have never before participated in an American exposition; (4) displays showing how western agriculture grows and markets its large-scale and specialty crops (the co-ops will be on hand, too).

With such popular features as General Electric's "House of Magic" in the Palace of Machinery and Electricity and the all-steel house of the Soule Steel Co. (BW—Jan 8'38, p36), most of the major exhibits will do an effective job in selling industry to the public. Du Pont, U. S. Steel, Bethlehem Steel, and other important national manufacturers are featuring working displays showing progressive steps in fabrication of their products and the service they render customers.

Latest accomplishments in electricity are effectively presented by Westinghouse, General Electric, and the Pacific Gas & Electric Co., of San Francisco. General Electric, incidentally, installed the \$1,500,000 lighting system on Treasure Island—a system in which colors are mixed as a painter mixes his pigments to produce beautiful effects. All lighting on the island is indirect and "black light" or infra-red rays are used for the first time in outdoor floodlighting.

In the Hall of the Mineral Empire, mining engineers have reproduced a "treasure mountain" in which gold and other minerals will be mined daily. The

public will watch gold ore brought to the surface and treated in a concentration and cyaniding mill. Tons of ore will be transported from the Mother Lode country for this demonstration.

The oil industry will present various phases of winning crude oil from the bowels of the earth and transforming it into motor lubricants and gasoline.

Transportation, Art, Fun

The automobile industry is well represented. Santa Fe and Southern Pacific railroads have reproduced miles of their most scenic routes in elaborate model operations. Bus and air lines and the tourist agencies also are on hand to cash in on the strong travel theme emphasized in the "Vacationland Building."

Pan American Airways already is operating the trans-Pacific clipper ships from the Port of the Trade Winds at Treasure Island, and there exposition visitors will see the new 74-passenger skyliners and, from behind a plate glass screen, will watch maintenance operations on the company's equipment.

Italy, Belgium, England, France, China, and Japan have come through nobly with collections of art treasures. Mussolini, perhaps with an eye to goodwill, loaned what is billed as "the greatest collection of Italian masters ever shown outside Italy." Music will be provided by the symphony orchestras of the Pacific Coast.

The fun zone, or "Gayway," is shaping up slowly, largely because concessionaires are holding out for "last minute" terms, but the amusement area has been the least of the worries besetting fair officials. The San Francisco public has insisted that it be "kept clean." Nevertheless, several little items of the Sally Rand variety are being quietly installed. The state of California is presenting some elaborate pageants depicting pioneer days. A Chinese Village (BW—Mar 12'38, p28) is expected to draw tourist crowds.

Expecting Visitors and Business

May to late August will be the boom period. San Francisco can accommodate about 75,000 persons a day in hotels and rooming houses. Oakland can handle another 50,000. Hotels will not increase rates which run from \$2 to \$7 a day single and \$6 to \$8 double. San Francisco is unusually well provided with inexpensive "Class B" hotels. Visitors addicted to auto camps will find plenty of facilities, including Indian tepee villages (BW—Jan 21'39, p22), in the suburbs.

Proprietors of hotels, scenic resorts, gasoline stations, restaurants, theaters and night clubs, the railroads, bus companies and air lines throughout the 11 western states are awaiting the beginning of a tourist stream which should bring them some \$400,000,000 before the lights on Treasure Island are turned out at midnight Dec. 2 and the G.G.I.E. becomes a pleasant (they hope) memory.



Sun Tower

Pageant of the Pacific

Chinese Village

TWO TOWERS distinguish San Francisco's fair, which is to open next week—the theme tower (left) and the Chinese Village (right), operated by the city's Chinese business men. Elaborate industrial exhibits flank the Court of the Seven Seas (lower right)—the food building on the right, transportation on the left. With the accent on transport, the Chinese Clipper, appropriately enough, awaits (below) for passengers at her permanent base.



Tower of the East

Court of Seven Seas



BUILDING UNDER WRAPS

**'INCOR' 24-HOUR CEMENT CUTS WINTER
CONCRETING COSTS . . . STEADIER WORK FOR LABOR**

**SELF-SUPPORTING 5 TIMES
AS FAST—SAVES
\$4653 ON 11-STORY BUILDING**

IN WINTER, more through habit than necessity, building slows up, unemployment increases. Necessary, perhaps, when concrete took weeks to harden, and low temperatures meant freezing danger, prolonged heat protection, costly delays. But 'Incor' 24-Hour Cement has changed all that.

Simply because 'Incor', a basically improved Portland cement, hardens 5 times as fast. So concrete only has to be protected against freezing one-fifth as long. That means (1) reduced heating expense; (2) fewer forms—lower form costs; (3) faster completion—reduced time or overhead costs; (4) steadier work for labor, continued profit for the contractor. Example:

New England Power Building, Boston, completed last winter; concrete work started December 15th, was finished before February 1st—better than 1½ floors a week—summer schedule in dead of winter.

'Incor' saved: (1) one day's heating expense on each of 24 pours—\$1623; (2) One complete form set—cost \$2500; (3) 15 days overhead, at \$162 a day, or \$2430.

After deducting 'Incor's' extra cost, net saving was \$4653, or \$1.22 a cu. yd. of concrete. That shows how 'Incor' cuts cost of winter construction, makes year-around building an economic reality. Labor works steadily—fewer lay-offs, more money for wages. Contractor's income continues 12 months a year, no costly "peaks" or "valleys."

Write for illustrated book, "Winter Construction." Lone Star Cement Corporation, Room 2206, 342 Madison Avenue, New York.

*Reg. U. S. Pat. Off.

LONE STAR CEMENT CORPORATION
MAKERS OF LONE STAR CEMENT . . . 'INCOR' 24-HOUR CEMENT



Food Plan Worries

Now that Tapp is gone, distributors fear government may force "two-price" plan to move surpluses.

WASHINGTON (Business Week Bureau)—Farmer Wallace has something to put in his pipe when he has time to sit down in front of the stove and reach for the crackerbarrel. Food distributors, vitally interested in the Agriculture Department's plan to manipulate surplus crops so that the grower will get more money for his products and the consumer will get more products for his money, are disturbed by the recent resignation of Jesse W. Tapp as associate administrator of AAA and of Francis R. Wilcox as director of the Marketing Division.

Food distributors had done business with Tapp ever since early AAA-NRA days and relied on his assurance that the government would not attempt to set up a collateral system of distribution undercutting established market prices (BW—Jan 28 '39, p34). Now they have misgivings. It was Tapp yesterday, Black today, and the Lord knows who it will be tomorrow. Black is sized up as a planner who has little regard for the "middleman" if mowing him down will cut distribution costs. Black is director of marketing and the "boss" of Milo Perkins, transferred to Tapp's job from the Farm Security Administration. Perkins was a business man before joining Wallace's staff several years ago but has to earn the confidence of the trades, prove that there will be no departure from a policy of cooperation.

Discuss Fish Marketing

There is some talk, in part encouraging, to the effect that Wallace's boys may lose the ball to Harry Hopkins' department. This should be regarded only as a remote possibility, but disposal of surplus crops by processing them and feeding them into the market in that form is advanced as an argument for pushing consideration of the problem under Commerce Department auspices.

Commerce Department officials played host last week to fish- and oystermen. John Logan, representing the National Association of Food Chains, and Hector Lezo, spokesmen for the Independent Distributors' Council comprising unaffiliated independents, old line jobbers, organized cooperative and voluntary chains, were called in. The nub of the problem seems to be that a dozen varieties of fish satisfy 80% of the market but that the market is dragged down by 150 other varieties dumped on it by small fishermen, who catch what they can when they can. Distributors refused to commit themselves on aiding the fishermen until they put an appraisal of their own situation down in black and white.

PRODUCTION

Offers Plan for Printing Control

Frank M. Knox applies efficiency expert's methods to paper selection, layouts, and similar work. Saving is effected by prevention of economic losses.

FOR MONTHS TO COME, the newly announced "Knox Plan for Printing Control" is bound to be a toothsome conversational and controversial morsel in the twin fields of the graphic and advertising arts. Printers, paper men, copywriters, and advertising production men are all going to sniff at the plan with suspicion and feel that their individual styles and profits will be cramped, until they give it a genuine once-over. Only then will they see that the 10-40% savings promised by the plan will not come from the profits of the printer nor from the reduction of the quality and quantity of printed matter, but from the prevention of economic losses that benefit no one.

How Scheme Developed

Although the Knox Plan is new, its story goes back seven years, come June, when Frank M. Knox decided to rusticate for the summer in the woods of New Brunswick, 35 miles from the nearest haircut, and see whether it would be possible to synthesize a workable set of controls for printing out of all the work done by the Bureau of Standards and others on paper standardization and other phases of the printing art. Fortunately he had a background in printing which extended back to the time when his father taught him to set type in a Kansas newspaper office, and he had a brother active in the printing plant of the Caxton Co., Cleveland. As apparent principles would emerge from his theorizing, Knox would mail them on to his brother for criticism and suggestion while coordinating his mind and his slide rule in new researches and new formulations.

Based on that summer's work, oriented and clarified by actual plant tests, and put into workable shape through the constant cooperation of printing engineers with a background of Carnegie Tech training, the Knox Plan is already cutting costs and corners in the advertising department of Gulf Oil, and is shortly to get going for Standard Oil of New Jersey.

Operation of New Plan

Briefly, the Knox Plan seeks to plan every print job, whether it be a small label, a lithographed window display card, a blotter, a folder, a letterhead, a brochure, a catalogue, or a house organ,

from the very beginning so that it can be cut economically from standard paper stock, properly "imposed" without introducing costly complications, and printed and bound efficiently in quantities large or small. No supervision by the Frank M. Knox Co., 30 Rockefeller Plaza, New York, is required after the plan is installed and operating.

Each subscriber to the plan is furnished with six comprehensive manuals, four for the copy and layout departments, one for the advertising production department, and one for the purchasing department. Manual No. 1 contains standard unit sheets—bookpapers, blotting papers, bristols, blanks, and writing papers—in a wide variety of sizes and proportions which may be cut without waste from the four basic bookpaper sizes: 25 x 38 in.; 35 x 45; 28 x 44; 32 x 44; or their standard "doubles." Manual No. 2 contains standard booklet dummies which may be cut similarly to advantage. Manual No. 3 contains standard upright folder dummies, and Manual No. 4, standard horizontal folder dummies. Manual No. 5 gives the production man check data for approving the layouts of the copy and layout department. Manual No. 6, especially prepared for each user of the Knox Plan, analyzes all the equipment of all the printers with whom the user wishes to do business, telling the purchasing department what printer or printers will be able to do a particular planned job to the best advantage.

Facilitates Ideas, Saves Time

As one of the enthusiastic minions of the Linde Paper Co. puts it: "With these dummies at hand, the designer enjoys release from the time-worn page sizes which have become standard through over-indulgence. Meaning 3½ x 6½ and 8½ x 11. Here are seemingly endless ideas for the imaginative layout man. New broadside treatments. Folders of varied sorts. . . . Out of it blossoms a sales story with a kayo punch. . . . In the hands of the production man, now, the broadside blushing forth in competent grandeur, is checked for every detail of shape, size, trim, margins, stock requirements. For he, too, has his manual. Then to the purchasing agent, whose job is finished before it starts.

"The printer gets the job for estimat-

Let
Kimpak
CREPE WADDING
help you, too!



**Use It for a New Product . . .
to Improve Old Products . . .
to Cut Cost of Manufacturing**

• KIMPAK® is a pure cellulose fibre product with properties which make it adaptable to combinations with other materials, or as a substitute for more costly materials.

KIMPAK solves many manufacturing problems because of its natural degree of absorbency and porosity to fluids, gas or air, its low density, its laminated structure, its flexibility, its chemical resistance, its ability to absorb sound and retard heat.

It may pay you, as it has others, to learn more about KIMPAK. Write for free portfolio of samples.

* Reg. U. S. Pat. Office and Foreign Countries.

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510 W. SIXTH ST., LOS ANGELES

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PORTFOLIO
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BW4-11

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Neenah, Wisconsin
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Company

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Attention



AS AN AIRLINER



Steel
OFFICE CHAIRS
Styled In The Spirit
Of Today's Business

● Streamlined, these new Chevalier steel chairs are the smartest in the entire Harter line.

In harmony with the latest trend in office designing—the idea that the office should combine comfort and efficiency with smart simplicity—we asked one of the country's foremost designers to do a suite of steel chairs for us. The Chevalier is the result.

In these new chairs the best of modern, flowing lines is blended with the traditional comfort and sturdiness of Harter Steel Chairs. They will add individuality and distinction to any office interior.

Harter also leads in posture seating, with chairs designed to make correct posture easy and natural. They encourage workers to sit erect—in comfort.

Free! Write for the new Harter catalog—showing chairs smartly styled in steel, for fine offices.

The HARTER Corporation
DESK 129
STURGIS MICHIGAN

MANUFACTURER OF THE WORLD'S
FINEST Steel SEATING EQUIPMENT

**MODERNIZE
HARTERIZE**

ing and to his agreeable surprise, his estimating time is slashed to a minimum. The broadside cuts without waste from a stock size sheet of paper. It imposes with a wide range of flexibility. The bleed allowance has been made. The trim. Even the gripper margin. It's smooth sailing where more times than the printer likes to think about, tempests raged. We're wondering now why we didn't think of the idea before Mr. Knox did."

Members of the Association of National Advertisers will recognize the Knox Plan as the subject of a recent nine-page memo summarizing it and giving it the accolade of "one good plan" of printing production control.

Value of Rhumbatron

This new electronic device may give great aid to radio and aviation.

A NEW AND MOST PROMISING electronic device danced over the horizon last week—the "rhumbatron." The rhythmic movement of electrons in its inwards suggested the rhythm of the rhumba; a professor of Greek remembered that "rhumba" originally meant "rhythm in motion." The device opens wide vistas of usefulness in radio and aviation.

Scientifically, the rhumbatron is part of a more comprehensive electronic device called the "klystron"—the achievement of four scientists at Stanford University, Calif. A flight captain in Pan-American Airways recognized its possible application to aviation, took a leave of absence to push the work along.

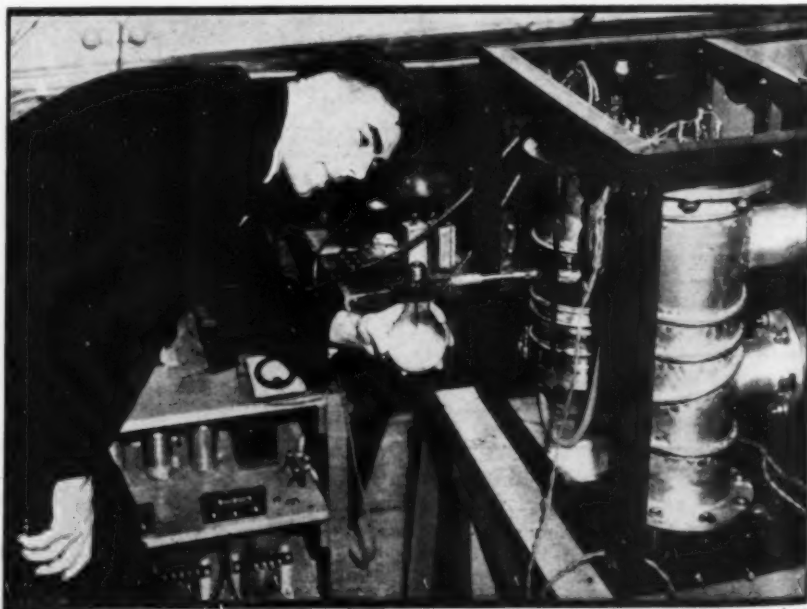
Two rhumbatrons, called the "buncher" and the "catcher," plus other appara-

tus make one klystron. In the buncher is an oscillating electrical field, parallel to a stream of electrons passing through it. The field is so strong that it hustles up some electrons to a speed approaching that of light and slows down others. After passing through the buncher, the speedier electrons begin to overtake the slower. This motion, whose frequency approaches a billion or more, groups the electrons into bunches separated by relatively empty spaces. The catcher rhumbatron puts the same bunches of electrons through another oscillating field which converts their power into powerful high-frequency oscillations in the ultra-ultra-short-wave group of the ether spectrum, ranging from one centimeter to one meter in length. The resultant high-power beam may be directed much like a searchlight.

Important thing to the practical man is that it may enable short-wave transmission to use power previously undreamed of. 50-100 kilowatts and more will replace 5 kilowatts and less, whose low power has held back development of the ultra-ultra-short band below one meter. Though the range of such waves is limited by the horizon, just like the television band of 4-8 meters, there is room in the 1 cm.-1m. band for 270,000 non-interfering messages or signals or broadcasts, as compared with a bare 100 in the standard broadcast band of 200-450 meters.

Significance of Development

This means, to put it briefly, that countless radio beams will be available to aviation as absolute altimeters of greater range (the Western Electric-United Airlines altimeter is limited to 4,000 ft.), as anti-collision devices, as obstacle detectors, as landing beams, and



Electrons discharged by the "rhumbatron" light up an unconnected bulb.

as veritable fans of signals to outline landing fields. City-wide wireless telephone hook-ups are not improbable in the future, once the work of commercializing the rhumbatron is really under way.

Already the Sperry Gyroscope Co. has been cooperating with the Stanford authorities in applying the klystron to the Metcalf blind landing device, which is being developed at Massachusetts Institute of Technology. As happens now and then in scientific development, two other groups of scientists hit on ideas similar in purpose to the rhumbatron and developed apparatus to carry them out. One, built by RCA Manufacturing Co., will be described in an exclusive story in McGraw-Hill's *Electronics* for February; the other, now undergoing finishing touches at the hands of the scientists and technicians of General Electric Co., remains a strict secret.

PRODUCTION ANGLES

Pore-Free Plating

FIRST SHIPMENTS from the new electroplating plant recently opened by Standard Steel Spring Co., Coraopolis, Pa., will go to the Texas oil fields to fight corrosion. New plant is designed especially to utilize a new process for plating large sections of steel with heavy nickel coatings of a pore-free type. The new heavy coatings are both malleable and resistant to corrosion and abrasion.

\$100,000 Welding Research

MORE THAN 70 WELDING research projects are in progress in universities throughout the nation as a part of the \$100,000 program of welding research which will be carried out in 1939 by the Welding Research Committee of the Engineering Foundation, 29 W. 39th St., New York.

Fan Engineering

BACK IN 1914, Buffalo Forge Co., Buffalo, N. Y., brought out a handbook on fans and their engineering to various applications. Now the company is revising it and adding 120 pages of new data to cover applications ranging from mechanical drafts to air conditioning, making 740 4 x 6-in. pages in all under the title, "Fan Engineering, Fourth Edition." Price \$4.

Zipper Sausage

THE IDEA OF SAUSAGES with zippers on their casings has received a generous share of kidding, but Wetterling, Inc., Milwaukee meat packer which took zipper sausage seriously, is finding that the removable sewn parchment casings are showing the way to an increased production of 600% without increase in production space. McGraw-Hill's *Food Industries* tells the whole story in its current issue.

Mr. Executive...

put yourself in a Court Reporter's shoes for just a moment...



It means long hours, transcribing court testimony at blazing speed

It means buying your typewriters out of your own pocket

It means spending *your* money for repairs

...and you get paid at piece work rates...and paid *only* for what you can *make your machine produce.*

* * *

and, Mr. Executive, a recent survey, in every city of 100,000 population or more, proved *this* fact:

**MORE LC SMITHS ARE USED
BY COURT REPORTERS THAN
ALL OTHER MAKES COMBINED**

LC SMITH & CORONA TYPEWRITERS INC

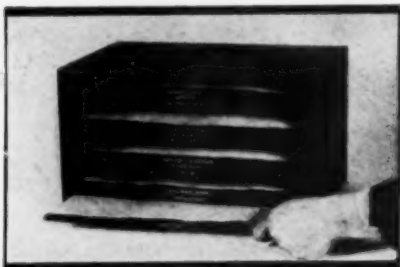


SYRACUSE NEW YORK

NEW PRODUCTS

Desk Organizer

IN HIS OWN WORK, Charles G. Cooper, 551 Fifth Ave., New York, found himself and his desk cluttered up with important papers which were not ready to be parked away in his permanent files. He developed a horizontal cabinet with classified



folders long enough to take legal-size papers. Both he and his associates found the cabinet so handy that he is beginning to market it under the name, Miracle Desk Organizer.

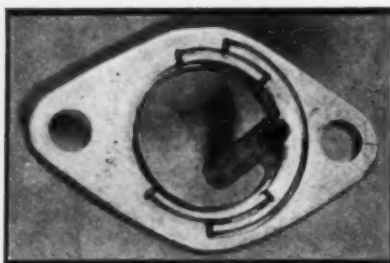
Mechanical Binder

IN THE BINDING OF BOOKS with wire coils and modifications thereof, it is customary to split up operations, using one machine to drill holes, another to insert wire, and

so on. Geo. G. Grinnell & Associates, 1424 S.W. Montgomery St., Portland, Ore., have developed the Gee-Gee Twin Loop Machine on which one operator can do all the operations at speeds of 500 to 1,500 books per hour. The Twin Loops themselves consist of flat wires bent automatically into double rings.

Carburetion Assister

DYNAMOMETER TESTS are under way on the "HH Dry-Charger," a little die-cast



unit designed for insertion between an automotive carburetor and intake. Its function is to assist in the production of a "dry, homogenous, highly explosive gas mixture." Its developer, the HH Dry-Charger Mfg. Co., 3547 E. 154th St., Cleveland, claims that the little inbuilt

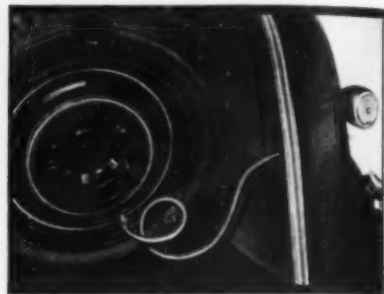
venturi tube improves the mixture, improving the performance of the engine and making starting easier in cold weather.

Musical Hair Drying

NEWEST IMPLEMENT for the beauty shop is the Melo-Dri, a patented device which gives the fair beauty-seeker radio music while she is sitting under the hair dryer, and which at the same time protects her ears from heat. It will be leased, not sold, to the beauty trade by Melo-Dri Co., 5225 Wilshire Blvd., Los Angeles.

Spare Tire Filler-Upper

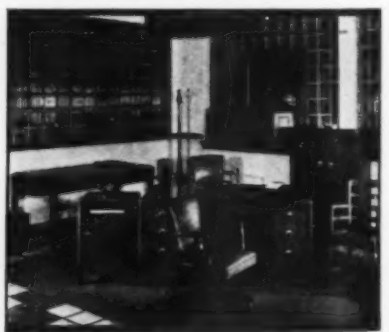
SPARE TIRES BEING CARRIED where they are in the fish-tail or bustle of a modern car, their inflation is likely to be neglected, with more or less embarrassing results when one of the service tires lies



down. Chevrolet Motor Division of General Motors, Detroit, is now making available to its owners a hose and outside connection wherewith the spare may readily be inflated without opening a car's bustle.

Pecan Wood Furniture

PIONEERING IN THE APPLICATION of pecan wood to office furniture, the Myrtle Desk Co., High Point, N. C., found the material to be so hard and tough that special manufacturing equipment was re-

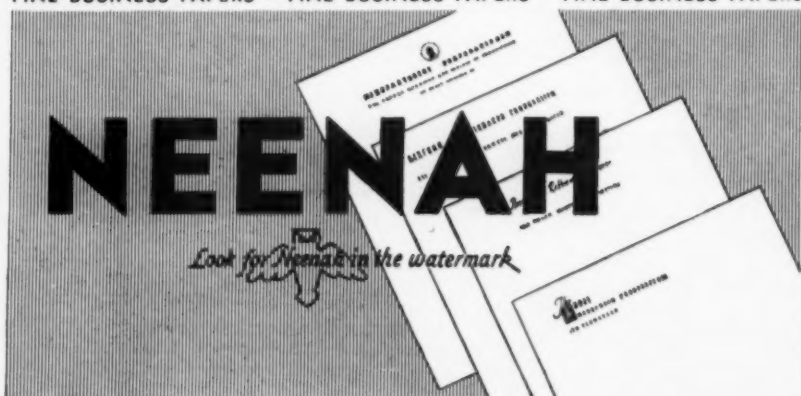


quired. Upshot is an ensemble of office furniture wherein good looks are combined with ability to stand up under hard service.

Kitchen Ensembles

FROM TIME TO TIME during the past few years, several manufacturers have combined their electric ranges and refrigerators and sinks and other equipment into handy quick-selling kitchen ensembles.

FINE BUSINESS PAPERS • FINE BUSINESS PAPERS • FINE BUSINESS PAPERS



Time was when letterheads were drab affairs, with scroll types, lists of officers, unsightly plant pictures—when one letterhead served all requirements.

Not so today. Modern business uses several letterheads, in sales promotion, for executive correspondence, for interplant memoranda. Colorful and attractive, they win prestige and make sales.

That is why Neenah has more than one grade among its fine rag content papers. Some are priced low enough for volume use; others reflect the dignity of managerial signatures. There is a Neenah paper for almost every business need.

Ask your printer or lithographer to recommend the grades you should use. Write us for the story of how they are made, and for samples.

Fine Rag Content Bonds, Ledgers, Index and Lightweights

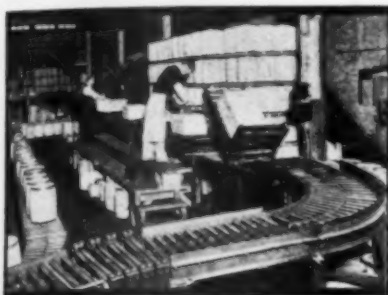
MANUFACTURED BY NEENAH PAPER COMPANY, NEENAH, WIS.

FINE BUSINESS PAPERS • FINE BUSINESS PAPERS • FINE BUSINESS PAPERS

Now Robot Products Corp., Industrial Bank Bldg., Detroit, puts a new twist in the business by *ensembling* several different combinations of trade-marked appliances like the Universal Cooler Electric Refrigerator, the Electromaster Electric Range, the Wearover Aluminum Sink and Tub, the Robot-Duo-Sink, and Monel Metal working surfaces, into single packages under the name Robot Kitchen Units. New features of the sink, incidentally, are its removable aluminum wash pan, and its tub, which may be employed either to wash dishes or to launder clothes.

Conveyor Up-Enders

IN ONE OF THE PLANTS equipped with roller conveyors by Logan Co., Louis-



ville, Ky., it was found necessary to save space on the conveyor leading to the shipping department by turning 225-lb. boxes on end after they left the packing station. This was tough on the time and strength of the packers until Logan designed a pivoted Up-Enders which does the job automatically.

"Flying Dust Pan"

ALTHOUGH THE FLYING DUST PAN, developed by Howell Industrial Truck Co., 6545 Carnegie Ave., Cleveland, is 72 in.



long, it can be turned in an aisle 60 in. wide. Driven by a one-hp. engine on General Streamline Jumbo, Jr., pneumatic tires, it will pick up dirt up to an inch and a half from a wall, at a sweeping speed of 2.7 miles an hour.

How Woolworth's 5th Avenue Store uses LIGHT FOR SELLING



On the main floor of F. W. Woolworth's 5th Avenue store, New York City, ceiling-recessed downlights provide 50 to 60 footcandles on display counters.

Light Sensitive
Cell



Use a General Electric Light Meter to measure your lighting at regular intervals to make sure that it meets modern seeing standards. Costs only \$11.50.



THEY STAY BRIGHTER LONGER

MODERN light-conditioning with Edison MAZDA lamps in F. W. Woolworth's Fifth Avenue store in New York City, helps make merchandise more attractive. It also enables sales people to give customers faster service.

As shown in the photo above, the merchandise is illuminated by direct lighting from ceiling-recessed downlights. This system, giving an effect of free open space and a neat business-like appearance, provides between 50 and 60 footcandles of light on the display counters.

Light-conditioning of this sort not only speeds the sale of merchandise because it helps customers decide more quickly, it also helps sales people keep alert, tire less rapidly. An important part in light-conditioning is the use of good lamps . . . such as Edison MAZDA lamps, the kind that give more light for the same current and that stay brighter longer. For further information about light-conditioning for greater sales, write to General Electric Company, Dept. 166-BW-B, Nela Park, Cleveland, Ohio.

EDISON MAZDA LAMPS

GENERAL ELECTRIC



The old Curtiss-Wright airport on Long Island, now a medium-priced housing development, Green Acres, breaks with local precedent by featuring individuality of design, lots of greenery, and most importantly, dead-

end streets which don't encourage through traffic to come in off the main highway (at top). Green Acres prices range from \$5,990 for a five-room house (see inset) to \$10,000.

HOUSING

Homes on Cul-de-sacs

In the \$10,000,000 Chanin development at Valley Stream, Long Island, children are safe from motor traffic, have plenty of park and back-yard areas to play in.

THE ENGLISH BACK YARD with its garden and its privacy is the glory of the British home. The American back yard, as it comes down from the horse-and-buggy age, is sometimes a thing frightful to gaze upon. In old communities it often opens on a dirty alley, is occupied by out-buildings too infirm to stand straight but not infirm enough to collapse, serves as junk yard for discards of the house.

Modern planning veers to the English viewpoint. Radburn, N. J., (*BW—Jul 9'30, p19*) and federal housing projects use plots in the rear of houses as gardens and play areas. Green Acres, L. I., carries the idea still farther. It is a community development for the sale of medium-priced homes, started some two years ago by the Chanin organization.

Main objective of architects and engineers was a lay-out that would give protection from automobile traffic and

make the utmost use of yard space for recreation areas wide open to sunlight. Green Acres is off the roaring Sunrise Highway near Valley Stream, adjoining the city limits of New York. It has only five traffic-carrying streets and these are so devised that a motorist leaving the trunk road to escape traffic would have to travel much farther than if he held his course.

Aim at Avoiding Monotony

From the five traffic streets, cul-de-sacs branch off. These cul-de-sacs have enlarged circles at the end for turn-arounds. Houses are built along these dead-end streets in groups of around 15. Since the cul-de-sacs serve only the houses fronting on them, danger from motor traffic is eliminated. Building lines are staggered to give maximum spacing between the homes and to avoid the

deadly monotony that blights so many congested communities of Long Island.

Rear yards are kept open for lawns, gardens, parking, play areas. Promotion material brags that "Green Acres children ride their bicycles and roller skates through the parks on smooth concrete walks for as much as a quarter of a mile without coming to an automobile street." Parks are for pedestrians. Walks form short, direct routes to various sections of the community. Restrictions preserve home-owners from future crowding. One specification in all deeds does away with the historic clothes line; laundry must be hung in drying yards, protected from public gaze by shrubbery and lattices. Plans include a chain of playground sites—one for each group of 50 to 70 houses.

The smallest lots are 50 by 95 ft. Fifty house plans prepared by Chanin architects are employed. The company does not standardize groupings in each cul-de-sac but must okay architecture to prevent clashing types. Lowest price is \$5,990 for a five-room house, highest is around \$10,000.

This is a private-capital enterprise but sales naturally depend on guaranteed Federal Housing Administration loans. Basis for purchase is to make each monthly payment about equal a week's salary of the buyer. Thus a \$6,500 house calls for payments of about \$50 per month, is aimed at families with \$50 per week income. Prices include built-in garage, oil burner and landscaping, civic

improvements. All buildings have poured concrete foundations, slate roofs, extra-heavy floor beams, steel girders and columns, diagonal sheathing and underflooring, three coats of plaster, brass water pipes. About 100 houses have been built. Complete plans call for 1,600 to 1,800 houses to form a community of 7,000 persons, representing an outlay of about \$10,000,000.

Air Field Offered Advantages

The Chanins had a perfect plot to start with. They bought the 330 acres of the old Curtiss-Wright Airport. Thereby they avoided laborious negotiations by which large plots are assembled from a multitude of avaricious and suspicious owners. Also being completely clear, the air field offered economical opportunity for installing sewers, roadways, landscaping. Moreover, the location is 29 minutes from New York's business district and about the same from Brooklyn. Provision has been made for schools, business structures, and apartment houses with special relation to convenience of location.

The housing development represents a return to original activities for the brothers Chanin. When Irwin S. left the army (he had been a shavetail lieutenant in the Chemical Warfare service) he had a small stake and a Cooper Union training as an architect. He was joined by Henry, who had been a machine gunner in the 77th Division. They began building and selling one-family houses in Brooklyn and rode the building market up to "taxpayers," to apartment houses, to hotels, to theaters, to the 56-story Chanin Building at 42nd Street and Lexington, Manhattan.

They had their troubles during the worst of the depression. But they realized that a building surge was inevitable and are now back at the type of construction they started with, homes.

Women Build House

Members of club demonstrate what they want—and it may surprise you!

THREE HUNDRED WOMEN are designing and building "an ideal house" in Berkeley, Calif. In the process they're upsetting many of the pet notions of architects, decorators, and manufacturers of home equipment as to what women want in their homes.

Last fall, members of the Berkeley Women's City Club decided they had information of value to contribute to the business groups and professions involved in planning, constructing, and furnishing houses. Most of them live in homes planned by other people and are forced to put up with a lot of things they don't like. They thought it was about time they spoke their collective mind.

The club hired an architect, a decora-

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**60% OF DEPARTMENT STORES
IN CITIES OF 25,000 OR MORE
USE**

Addressograph

TRADE MARK

THE record-copying work in department stores is similar in many ways to office routine jobs in every business. Names and addresses of customers and prospects, as well as those of employees, must be copied from time to time on various forms and communications.

Delays in this important work must be avoided. Inaccuracies, which constantly threaten good will and profits, must be prevented. With Addressograph Methods, these hazards are entirely eliminated . . . no mistakes . . . no waste of time . . . no misread information.

Addressograph copies the complete record, or any part, with one split-second motion—with ribbon-print legibility—with or without carbon copies. The construction of Addressograph typing units per-

mits any desired class of records to be selected automatically for printing or skipping, eliminating the inaccuracy of hand selecting and the expense of separate lists.

INVESTIGATE! One or more of the office jobs listed below probably exist in *your* business. Each one presents an opportunity to effect worthwhile savings in time and money through Addressograph Methods. Ask a qualified Addressograph representative for details. Wherever you are, you will find his services available. Principal city 'phone book listing is, "ADDRESSOGRAPH SALES AGENCY." Or, write direct to Head Office in Cleveland.

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ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO

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Smooth

solid roadbed is but one reason for Chesapeake and Ohio Lines' smooth-working dependable freight service. With operation equal to the excellence of plant and equipment, shippers may count on the arrival of consignments on schedule time, in perfect condition.

CHESAPEAKE AND OHIO representatives, located in all principal cities, will show you how this service works in the solution of your shipping problems.

CHESAPEAKE
and Ohio **LINES**
CONTROLLED PERFORMANCE

tor, a landscape designer, and a builder to carry out orders. Soon after the 300 women (conferring regularly in two sections) got down to work, interested observers in the home-building field discovered they were in for some surprises. In the conferences on wall coverings for the living room, for instance, the women said some things that would have made manufacturers' ears burn.

Last week the Berkeley club women divulged a few of the features they *don't want* in their ideal house (arrived at by group discussions and answers to elaborate questionnaires). They don't like: rough-textured plaster walls, wrought-iron grilles or balconies, odd-shaped windows, trick lighting and hardware, corner windows, interior glass doors, niches, chimes in the front hall, telephones in closets, rafted ceilings, raised hearths,

corner fireplaces, slippery floors, bathrooms between two rooms, furnace outlets in the wall.

A majority of the women don't like "modernistic architecture" because their furniture doesn't fit with it. They appear dead set against "freak architecture or faddy, dated features (like those odd-shaped windows builders love to use), glass brick and all the other tricks of a Modern House." In the kitchen they want unbroken working surfaces, a fan over the stove, a cooler (in addition to an electric refrigerator). They insist on windows of uniform height, overhead lighting in the dining room, plenty of baseplugs everywhere, and all outside locks to fit one key.

As the project progresses, the club will issue other manifestoes revealing likes and dislikes in house design and furnishing.

LABOR AND MANAGEMENT

2,100,000 Credit Union Members

Most such organizations are made up of employees, but they are spreading to churches and rural areas. They have \$116,000,000 assets.

EARLY THIS WEEK, in the office of a large New York business firm, one of the employees took a look at the clock to see that he was on his own time, got out a batch of papers covered with figures, stuck a clean sheet of paper in a typewriter, and began to write. This is what he wrote:

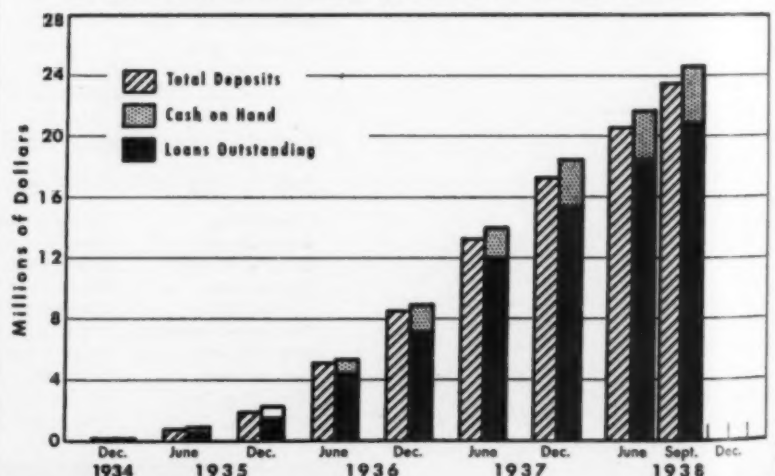
"Let's take the case of Harold Smith,

one of our members. He bought a car last year, on which the unpaid balance was \$920. The dealer told him he could finance the purchase by making 24 monthly payments of \$46.80 each, which would be a total of \$1,123.20. That would mean that he paid \$203.20 financing and insurance charges.

"Under our rules, however, he was

HOW FEDERAL CREDIT UNIONS HAVE GROWN

(Based on combined balance sheet of all reporting federal credit unions as of the end of the given month)



Data: Farm Credit Administration

© BUSINESS WEEK

eligible for a \$920 loan which could be paid off in 23 payments of \$40 each, plus $\frac{1}{2}$ of 1% interest per month on the unpaid balance. His first payment was \$46.90, his second \$46.60, and so on until his last one came down to \$40.30. The total amount was \$1,002.80, and his interest charges \$82.80. To this we added \$21 fire and theft insurance charges (which were included in the finance company charges) and we also must insist on collision insurance (amounting to \$44), which the other plan required. Thus Smith's total charges were \$147.80.

"Consequently, he saved about \$55 by taking advantage of his membership and borrowing from us instead of outside. If you have credit problems in which we can help, just get in touch with any of the following persons, who are your elected officers."

Ad for Fellow Employees

The employee was writing an office advertisement for a federal credit union, of which he is president. In this case, the letter was going to 532 fellow employees, who had been depositing their own money and lending it to themselves for three years. In that time they had lent a bit more than \$100,000, had charged off \$54 as uncollectable, and had paid a dividend of $4\frac{1}{2}$ % each year on deposits.

Employee credit unions, which are saving-and-borrowing plans set up either under the laws of 42 states and the District of Columbia or under the Federal Farm Credit Act, are getting to be a self-help phenomenon. Today there are about 2,700 federal credit unions with assets of around \$26,000,000, and nearly 4,500 state credit unions with some \$95,000,000 in assets. The state organizations began back in 1909, when Massachusetts enacted the first such law, and the federal unions began four and a half years ago when the Credit Union Act was passed.

Credit unions range all the way in size from the 21-year-old union of municipal employees in New York City, with 22,000 members and a full-time, well-paid staff running a business which has handled \$31,406,882 in member loans, to the newest and smallest group just getting started under a new charter. There are about 600,000 employees in federal credit unions, and approximately 1,500,000 in state credit unions.

Spread to Other Classifications

Primarily set up as saving-and-borrowing forms for industrial and commercial firms, the credit associations still have a big majority of their membership in such places. But they have been spreading during the past few years—to religious, cooperative, residential, and rural classifications. Organized labor has discovered the credit union; at present there are 57 such associations operated by the C.I.O. members working for U. S. Steel, and A.F.L. unions have a score or so in the Aluminum Corp. plants.

Some complaints have been made about the spread of the credit union idea—for one thing, some employers just don't like the word "union." A few wonder if a worker with a savings reserve to draw upon, and a place to borrow money, might not be easier to pull out on strike. Then, too, building and loan associations have occasionally squawked that credit unions were taking their savings business, and that it was indeed a pretty pass when a church began to compete with an established business.

On the other hand, a great deal of favor is shown for the idea among many employers and commercial savings firms. The building and loan associations will gain \$10 for every \$1 they lose, say credit union proponents, because the employees are being taught to save money and they also are learning something about investment.

Biggest point in favor of the credit unions, in the mind of many neutral observers, is their help in keeping the employee out of the loan shark's office. They reduce the number of garnishments and assignments of wages, and actually save

jobs in firms which make a practice of discharging an employee who gets too deeply in debt. It is estimated that on Chicago's street car lines, the employee credit unions saved more than 200 jobs within one year.

Enjoy Good Record

Strictly regulated, with all money-handling officers bonded, with self-policing by-laws and regular government or state audits, the credit unions have a fine record of honesty and good business management. They have a top limit on the amount of deposits they can take, and are rigidly restricted to promoting savings, not investments. Loans have to pass through the scrutiny of credit committees and directorates before being made, and each union is restricted to certain maximums in lending. A healthy reserve for bad loans has to be set aside each year out of earnings, and the total amount of bad loans charged off up to June 30 last year represented only 0.04% for the entire history of federal credit unions. For state unions, a similar record of surveillance has been kept for years.

SHEETS OF STEEL STITCHED

with STEEL

295 stitches a minute!



SHOOTS THE STAPLE!
Trigger-action, spring driven. Sinks the staple at any exact spot.



FOR SEALING BOX BOTTOMS
Quick, secure, economical.



DRIVES • TURNS • CLINCHES
Staple—wholly from outside. Entirely new principle for sealing boxes.

BOSTITCH on duty in the manufacture of automobiles . . . brings new efficiency and amazing savings to a great industry. **BOSTITCHING** is both versatile and adaptable. You'll find it on ash cans as well as motor cars and other "big" items. You'll also find it attaching fragile bottles to cards and fastening delicate fabrics without damage.



Yearly savings with **BOSTITCH ON DUTY** have been as high as ten times the total cost of equipment . . . yet it costs nothing to find out if **BOSTITCH STAPLE SERVICE** means savings to you. Just send samples of your work . . . or request a specific folder to cover it . . . newest folder, "Bostitch In The Shipping Room."

EASY TO GET . . . 200 specializing representatives in 61 U. S. cities, 39 foreign countries.

EASY TO GROW . . . 782 models liberal trade-ins.

EASY TO BUY . . . Rental or budget plans.

BOSTITCH

EAST GREENWICH • RHODE ISLAND
50 DIVISION STREET

EASY TO USE . . . Anyone can easily operate any of the 782 models . . .

EASY TO SUIT . . . 10 research engineers fit Bostitch to your needs.

Staple Service

NEW YORK'S MOST FAMOUS HOTEL

R·S·V·P

Consider yourself invited to the popular, convenient-to-everything Hotel New Yorker. Every room with both tub and shower, radio, Servidor. Four popular priced restaurants. Private tunnel to Penn Station. Jimmy Dorsey in the Terrace Room.

Only ten minutes and a ten cent fare from the hotel to the New York World's Fair.

HOTEL NEW YORKER

34th St. at Eighth Ave., New York
Ralph Hitz, President
Leo A. Molony, Manager

2500 ROOMS FROM \$3.50



This Company treats a fellow right
... they have group insurance

★ ★ ★ GROUP INSURANCE BUILDS GOOD WILL

Salaried experts of the Aetna Group Division will be glad to give you up-to-the-minute information on employee insurance and explain how it can be fitted to your company.

All forms of group insurance: Life—Pensions—Sickness—Accident—Hospitalization.



AETNA LIFE
INSURANCE COMPANY
Hartford • • • Conn.

Town-Warmers

Jewel Tea Co. initiates series of meetings; wins good-will in home town.

COMMUTERS OF BARRINGTON, ILL., looked dubiously upon Jewel Tea Co., Inc., as a neighbor when it moved to their high toned suburb of Chicago nine years ago, did not warm to the idea of having a plant there, despite its remote location and lack of offensive industrial characteristics. Many natives of the old farming town viewed the enterprise with open suspicion because of its bigness, remained unenthusiastic even after 300 of their 3,600 neighbors got 40-hour-a-week employment for 52 weeks a year at wages higher than had previously prevailed thereabouts.

From time to time Jewel Tea made sporadic tries to win friends and influence people but had no great success. In the past two weeks it seems to have accomplished more than by all of its previous friendly passes.

Resuscitating "True Values"

Two of Jewel Tea's top men one day last autumn were damning political paternalism. Said one, "I wish we could have something like an old-fashioned revival meeting to bring folks back to appreciating true values."

Said the other, "Why don't we do it?" Thus originated Barrington's Town-Warming meetings. Jewel Tea's Vice-President C. W. Kaylor took on the job of materializing the revival. As a starter he discussed it with the head of the local schools, who enthusiastically tied it in with the town's established leisure-time program. With the ice thus broken, the two set energetically about enrolling the interest of every one of the community's 37 known organizations—and, when meetings were in progress, blushed bright red because they had missed the Barrington Camera Club!

Old-Timers Won Over

Backing the project with Jewel Tea's guaranty to meet any deficits beyond local subscriptions for expenses, on Jan. 22 they opened the series of lectures by 14 well-known speakers including H. V. Kaltenborn, Dr. Arthur H. Compton, Channing Pollock, and Mark Sullivan. Talks and talkers were definitely conservative. They filled the high school gymnasium's 1,100 seats on all but a couple of 14 consecutive nights, with overflow loudspeaker meetings in two churches, and practically put Barrington's sole movie house out of business for the duration.

On the last few days of the series, Jewel Tea officials were told by various old-timers who had aggressively denounced the company ever since it moved to Barrington: "We've been wrong about

you people, let's start fresh and see if we can't like each other." If these are fair samples of what the course did for its public relations, Jewel Tea is satisfied it got its money's worth from the \$2,000 or so it will have to contribute to make up the deficit in the Town-Warmers' total budget of \$4,500.

Dual Textile Unions

A.F.L. takes back Gorman and his organization, despite earlier assaults.

IN AN ALICE IN WONDERLAND atmosphere which has been characteristic of some of the wordy debates between the American Federation of Labor's executive council and various unions of the Congress of Industrial Organizations, another jurisdictional war got under way this week. The field was textile manufacture, and whether the war would be a Gilbert & Sullivan affair or a real hand-to-hand tussle no one could say.

There is little doubt that considerable arguing will go on between A.F.L. and C.I.O. spokesmen as to which group has title to the words "United Textile Workers." On the basis of a court decision in Rhode Island (*BW—Dec 31 '38, p. 38*) the former president of U.T.W., Francis Gorman, has claimed the U.T.W. was out of C.I.O. And this week the A.F.L. council, while heroically enduring its annual self-sacrificing stay at Miami, Fla., announced that it was taking the U.T.W. and Gorman back into the fold.

T.W.O.C. Sticks to Plans

Earlier, the U.T.W. executive council had met in New York and expelled Gorman, the U.T.W. treasurer had refused to turn over the books to the former president, and the Textile Workers Organizing Committee (authorized to deal for U.T.W. in an agreement signed two years ago by everybody, including Gorman) had announced its plans weren't changed. Those plans call for continued organization of textile workers throughout the South and New England.

Waiting for the inevitable claims of jurisdiction, as the A.F.L. sets up local councils to fight the already strong C.I.O. councils, observers were amusing themselves by checking back on testimony of an A.F.L. stalwart, John P. Frey, before the Dies committee last fall. At that time Gorman and U.T.W. were radical destroyers, by current A.F.L. sentiment. "Francis Gorman," Frey said, "is the international president of this C.I.O. affiliate, the U.T.W. . . . Gorman, it is reported, a few months ago married a Communist and for the past three years he has associated himself with Communist activities to such an extent that most of his friends believe that he is a member of the party."

The executive council of A.F.L., how-

ever, could not stop longer on the matter this week. After notifying the world of its reaffiliation with Gorman and the Gorman part of U.T.W., and confusing an already badly confused public, it turned its attention to serious discussions of how to purge its teachers' unions of Communist influences.

LABOR ANGLES

Brass Tacks Only

HAVING GROWN INTO THE BIGGEST and most representative conference of industrial relations men held each year, and having acquired a reputation for factual, down-to-earth direction, the American Management Association's annual parley on "Putting Industrial Relations to Work" is getting the biggest conference spotlight of next week. Meeting in Chicago, Feb. 15, 16, and 17, some 1,200 business management delegates will tear into a number of subjects including: "Legislation on wages, hours, and social security," "Principles of job rating and merit rating," "Are British and Swedish systems really applicable in the U.S.?"

One More Snarl

THAT LONG AND BITTER STRIKE by the Newspaper Guild against the Hearst papers in Chicago (*BW—Jan 14 '39, p. 38*) was further tangled this week as the newspapers pressed a suit for \$50,000 charging libel and conspiracy, against the Guild and 45 individuals. Basis of the suit is a pressure campaign against advertisers, in which the papers claim that untrue statements of circulation losses are being made. Meanwhile the strike continues, with the Guild's morale considerably heightened by reports from Seattle that it has been certified as exclusive bargaining agency for *Post-Intelligencer* employees.

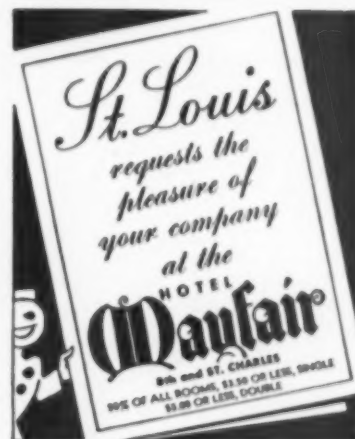
Group Medical Care

PIONEERING IN A NEW field for union activity, the New York Joint Council of the United Office and Professional Workers (*BW—Jan 21 '39, p. 21*) last week formally launched a low cost health service available to its members and their families. Those wishing to enroll pay 25¢ for registration (family fee 50¢), receive a list of cooperating doctors, dentists, and podiatrists from which to select, pay for professional services received according to a special scale of fees, which range from \$1 for a visit to a general practitioner to \$50 or a major operation or a delivery (including pre- and post-natal care). Some 100 qualified medical and dental men are cooperating with the union to make possible the plan, which has been worked out over the past year as part of a program calling for health education activities for members, collection of data on white-collar occupational

diseases and hazards, and support of national health insurance legislation.

The Play Will Go On

LABOR PROBLEMS of the big broadcasting studios—and of the big advertising sponsors—seem to be settled for the next couple of years. After threatening to strike, the American Federation of Radio Artists (A.F.R.A.) won all along the line, getting a signed agreement to basic wage-scales for specified duties. Briefly, the scale is: \$15 for a 15-minute broadcast and \$10 for a "repeat"; \$25 for a 30-minute trick and \$12.50 for repeating it; \$35 for one-hour turns and \$17.50 for repeating; \$6 an hour for rehearsals. The actors also won a half-closed-shop agreement, whereby performers must eventually join the union and come under the code, or be replaced by union members.



FALLS IN MINE ROOF
Stopped WITH

PRESSURE-TREATED TIMBERS

A MINING COMPANY was operating in a coal seam which lay in the ground in a rolling formation.



THE MAIN HAULAGEWAY had to be on grade, and to level it, it was necessary to take out both top and bottom.



THE ROOF BEGAN to air-slack and collapse until it was over 35 feet high in places.



UNTREATED TIMBERING used to hold up the roof decayed in two years and permitted more roof falls.



THE WOOD PRESERVING CORPORATION, a Koppers subsidiary, supplied pressure-treated timbers which have held the roof 10 years already and show no deterioration.

LET KOPPERS SOLVE *Your* PROBLEMS

Pressure-Treated Timber is only one of the Koppers products, which include: Boiler and Power Plants, Castings, Carpenter Driers, Coal and Coke, Coal Cleaning Plants, Coke and Gas Plants, Creosote, Dehydration Plants, D-H-S Bronze, Fast's Couplings, Western Fire Hydrants, Industrial Chemicals, Municipal Incinerators, Sewage Disposal Equipment, American Hammered Piston Rings, Platework, Tanks, Purification and Recovery Systems, Ships and Barges, Roofing, Tarmac Road Tars, Waterproofing, Water Gas Generators, Valves.—Koppers Company, Pittsburgh, Pa.

KOPPERS

THE INDUSTRY THAT SERVES ALL INDUSTRY

Launching the Meteor



The Silver Meteor, Seaboard Railway's new stainless steel chair car train, which was built by Budd Manufacturing Co. and will run between Florida and Eastern cities, is

christened The Train of Tomorrow at the New York World's Fair, with no champagne in sight. Instead, The Girl of Tomorrow smacks it with her explosive magic wand.

MARKETING

Wine Ad Campaign

California vintners' \$2,000,000 program gets under way. Agency has been selected.

THE LONG-AWAITED \$2,000,000, three-year national advertising program of the California wine industry, the first in its 170 years of history, got under way this week with mailing from San Francisco of a preliminary announcement, "Get Ready To Sell Wine," to dealers throughout the country.

Selection of J. Walter Thompson Co. Jan. 26 as the agency to handle the wine advertising account—object of keen competition among a half-dozen of the national agencies—was the final step under the California State Marketing Order by which the program was initiated; from this point the Wine Institute and the advertising agency carry on.

Funds for the big advertising campaign have been accumulating as a result of a marketing decree issued under the California Marketing Act of 1937. Since Oct. 24, all bonded wineries and store-

rooms in the state have been paying to the State Department of Agriculture an assessment on all wine prepared for market. As the money comes in, it is set aside by the director of agriculture for trade promotion purposes. Assessments run three-quarters of a cent per gallon on dry wine; 1½¢ on sweet and 3¢ on grape concentrates.

Even under the industry's practice of allowing wine to find its own markets, there has been a considerable increase of late in national consumption, especially since the middle of October when holiday buying began. But the per capita average is still only a measly half-gallon compared to more than 30 gal. in Italy or France.

Wine Institute statisticians report that at the end of September stocks on hand were about 80,000,000 gal., not including 55,000,000 produced this season. With consumption this year at 66,500,000 gal., this leaves no great quantity in excess of requirements for ageing.

One of the objectives of the advertising campaign will be to increase use of dry wines.

Tailor-Made Ice

That's one of the new ideas on which the ice industry relies for 1939 profits.

THE ICE INDUSTRY, which has been pulling itself up by its bootstraps in the last few years, is looking to a new merchandising development to continue the climb. "Sized" or "tailor-made" ice was what both ice dealers and accessory manufacturers were talking about at last week's convention of the Eastern States Ice Association in New York.

Three years ago the ice business was about the sickest chicken in the industrial barnyard. Electric and gas refrigerators had driven the old ice box out of stores and homes. Then, in 1935, the industry took united action, forming National Ice Advertising, Inc., which began an advertising campaign to let housewives know that the old ice box had become a modern streamlined refrigerator, and that better service, with modern trucks and considerate uniformed attendants, was available.

Results of the three-year program—which has now been projected through 1941 with an annual appropriation of \$750,000—are found in the sales of ice refrigerators. In 1933 these had touched a low of 213,033. In 1937 they went over 600,000.

Expect a Good Year

Last year sales were off 8%. But members of the Eastern States Ice Association said at last week's convention that the decline was a good deal less than the slip of all business and that they expect 1939 to be a good year for the industry, partly because of such developments as "sized" ice.

"Sized" ice can be defined as ice that has been tailored to the customer's requirements before delivery. Many companies have arranged for the delivery of standard ice cubes to customers, but only a few are handling a variety of sizes ranging from shaved ice up to blocks of 50 lb. or more.

Prevailing practice is to shave big blocks down at the point of delivery. This ice goes into the customer's container barely below the freezing point. But ice shaved in the manufacturer's plant can be delivered in insulated packages in insulated trucks to go into the customer's container at, say, eight degrees. This ice is worth more because it lasts longer; moreover it's easier to handle because it doesn't "chunk" up. Pea and nut sizes, some manufacturers think, will eventually replace 50 or 100 lb. chunks for home ice refrigerators. Certainly, "sized" ice brings closer that dream of the industry—the time when all home ice refrigerators will have a chute through the wall of the house, so that delivery can be made from the outside.

Co-op National Brand

Cooperative wholesales will offer uniform line of canned goods, uniformly labeled and graded.

WHEN U. S. PROPONENTS of consumers cooperatives set up National Co-operatives, Inc., five years ago as a national buying organization for the big regional wholesalers, the new agency had ambitions to establish for canned goods a uniform grading and labeling program which only this week began to take the shape of reality.

Of course, five years ago the co-operative movement was a thin scattering of local groups pretty much independent of one another. Several of these cooperative groups, each clustered around its own wholesale house had claims to a brand name registered as individual protection for certain of its own lines. Naturally enough, those brand names all capitalized on the phrase, "Co-op." Just about the first thing National Co-operatives, Inc., accomplished was to get these rights to the co-op brand name assigned to it.

Second important step taken by the buying agency was to set up a line of Co-Op brand automotive supplies and petroleum products. This was followed about three years ago by Co-Op brand radios, electric refrigerators, washers, ironers, sweepers, heaters, and fans. These electric household utilities were a logical development when Rural Electrification Administration began running power lines into farm territories previously not penetrated by central station current.

Centralized Administration Rises

During the intervening years the consumer cooperative movement has progressed at a rate surprising to all except the enthusiasts. Last autumn's congress of the Cooperative League of U.S.A. at Kansas City (BW—Oct 22 '38, p. 33) marked a distinct advance toward a greater cohesion within the cooperative movement. A strongly centralized administration was developed, with all co-op stores and associations directly represented in the League through their affiliated wholesale units. League headquarters were moved from New York to Chicago, where it works hand-in-glove with National Co-operatives, Inc., the joint buying agency. Publicity is still handled in New York, and legislative matters will be the concern of an office which is soon to be opened in Washington.

Now, with the cooperative movement functioning along sounder organizational lines, the buying agency is going ahead to develop in the direction natural to any merchandising group seeking to supply all of its customers' larger needs.

First, obvious, and long foreseen move is into the food business, which accounts for most of the volume done by store associations.

While the grocery industry associations were meeting in Chicago late in January the grocery committee of National Co-operatives, Inc., met and mulled over the cooperative grocery situation. The five regional wholesales which handle foods approved adoption of a uniform label on canned goods—Co-Op Brand, of course.

Chief significance of the development of this national brand is that the wholesales will eventually turn over their buying of canned goods to National Co-operatives, Inc. With the 1939 summer pack, co-op stores purchasing through Superior (Wis.), Minneapolis, Brooklyn, Kansas City, and Chicago will probably be offering their members identical canned goods with identical labels. On this added volume National Co-operatives, Inc., could probably cover its present overhead with something left over for extending its services.

How Goods Will Be Labeled

The cooperators have also settled on the use of government grades on labels wherever available. The front of the can bearing one of the new, uniform labels will show the name Co-Op, color illustration of the product, and the grade mark.

... but I've got RESEARCH!

E. T. L. research and testing supplements, does not supplant, research departments. Usually it begins after the development of a new product, but before production. Inexpensive, too, since it's priced on an "as-used" basis.

Electrical Testing Laboratories



East End Ave. and 79th St.
New York N. Y.

FACTUAL APPRAISALS

Impartial Valuations
of Industrial and
Commercial Property ... A
quarter century of factual
appraisal service to Ameri-
ca's more conservative
business institutions.

THE LLOYD THOMAS CO.
RECOGNIZED AUTHORITY ON PHYSICAL VALUES
APPRAISAL ENGINEERS
4411-15 RAVENSWOOD AVE., CHICAGO

Florida 6 FINE TRAINS DAILY
HAVANA • NASSAU • SOUTH

WELL DEAR - IT'S YOUR IDEA, BUT I DO NEED A VACATION

Let your Winter-Vacation begin aboard train. There's a Coast Line train exactly suited to your liking ... your time ... your budget. All completely air-conditioned, and all swiftly glide over the ONLY DOUBLE TRACK, SEA LEVEL ROUTE to Florida. So go via COAST LINE ... ride in PROTECTED COMFORT.

Low fares. Convenient connections available from all Eastern cities.

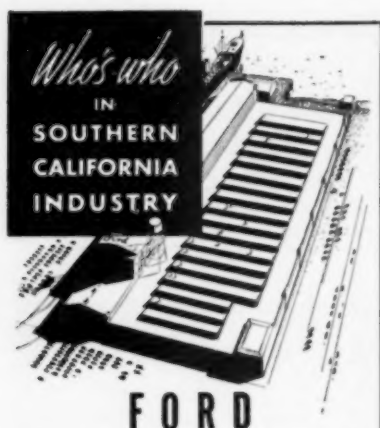
Offices in all principal cities

Ride in Protected Comfort

ATLANTIC COAST LINE RAILROAD

The Double Track — Sea Level Route

COAST LINE FEATURES
All cars completely Air-Conditioned ... New Powerful Locomotives ... Double Track ... 100-lb. Rails ... Sea Level, Rock Ballasted Roadbed ... Automatic Signals and Train control ... Faster Schedules!



It was no accident that caused the Ford Motor Company to locate its principal Pacific Coast Assembly Plant in Southern California. The heavy concentration of automobile ownership (averaging better than one car per family) was one reason. The availability of sites on deep water at Los Angeles Harbor was another. Still another was low-cost electric power, so essential to industrial growth, and available in ample quantities over the network of Edison transmission lines.

Business Executives: for accurate, confidential information on industrial opportunities in Southern California, write to our New Business Department.

SOUTHERN CALIFORNIA EDISON COMPANY LTD.

401 W. FIFTH STREET

Low-cost
Power

LOS ANGELES, CALIF. 2-39

New

**STREAMLINED
20TH CENTURY**

...Air Conditioned
...All Private Rooms
...New York - Chicago
...16 Hours

Lv. Grand Central . . 6:00 P. M.
Ar. Chicago 9:00 A. M.
Lv. Chicago 4:00 P. M.
Ar. Grand Central . . 9:00 A. M.

More than ever, it pays to
Ride the "Century"

**NEW YORK
CENTRAL
SYSTEM**

**THE WATER LEVEL ROUTE
...YOU CAN SLEEP**

But the back side of the can will contain two novel additions. Here there will appear a block of text which the co-operators say will be "an honest attempt to describe accurately the contents of the can." A second block of type will contain a very brief statement of co-operative principles.

With the canned goods program thus actively rolling, officers of National Co-operatives, Inc., expect that they will naturally go on to other packaged grocery items. Just which products are scheduled for next attention has not yet been announced.

Co-op Copies Chains

Midland wholesale, of Minneapolis, gives centralized management to retailers.

THE NEWEST TECHNIQUE in cooperative food distribution is being tried by the Midland Cooperative Wholesale of Minneapolis. It consists in applying centralized management to retailers, as chain stores do. E. R. Bowen, general secretary of the Cooperative League of the U.S.A., said last week that all cooperatives are watching the Midland experiment.

Midland claims 100,000 individual patrons in 170 urban and rural associations, including the filling station at Cottonwood, Minn., which is recognized as the first retail petroleum co-op, having been established back in 1921. Midland is going ahead with a chain of 15 grocery co-ops organized under a plan never tried out previously. Each co-op in the Midland chain is owned by its local customers, which provides the democratic control from the bottom so dear to the co-operative heart. But it is planned to sidestep the all too frequent inefficiency of local management by imposing efficiency from the top through management contracts giving direct supervisory responsibility to the central wholesaler.

Extent of Central Power

This central authority, through its contract, gets 100% of the business of the local co-op, stipulates a uniform appearance for all Midland stores inside and out. With the approval of the local board it hires and fires local managers if it chooses—which looks to some outsiders like practically the same regimentation that is imposed upon local units of such profit-motivated and capitalist outfits as A. & P., Kroger, and National Tea.

Whether the Midland plan works out satisfactorily when it gets into operation would seem to depend upon the quality of management applied by the wholesaler's centralized authority. If this centralized management is good and, therefore, the new chain is successful, then much the same arrangement might be snapped up by the other cooperative

wholesales. A shining Midland success should make the same plan an easy seller to those of the local co-op stores which are now limping along under inefficient local management.

When Net Sales Drop

In hard times, the number of sales holds up, but individual amounts drop.

WHEN DEPRESSION COMES, the trouble isn't that the number of sales falls off—it's that the amount of each sale shrivels. That, in layman's terms, is the conclusion of a new survey by the Controllers' Congress of the National Retail Dry Goods Association, which shows that changes in the average sales check during the period since 1929 were largely responsible for the trend of net sales.

The report is based on material contributed by 14 large-volume department stores, all with sales of over 10 million dollars annually. They include: the Hecht Co. and Woodward & Lothrop, Washington; The Fair, Chicago; Crowley Milner & Co. and J. L. Hudson Co., Detroit; Frederick Loeser & Co., Brooklyn; R. H. Macy & Co. and Gimbel Bros., New York; Halle Bros. Co. and the Higbee Co., Cleveland; Kaufmann Department Stores and Gimbel Bros., Pittsburgh; and the Boston Store and Ed. Schuster & Co., Milwaukee.

In these 14 stores the average gross sales check dropped from a high in 1929 of \$3.39 to a low in 1932 of \$2.19. Recovery has been steady but by no means complete—the 1937 experience shows a \$2.70 average sale, still 20% under the 1929 figure.

Individual Lines Reflect Shifts

How closely changes in the average sales check parallel those of net sales is shown by putting both on an index basis, with 1929 equaling 100. Then the experience of the 14 stores in the years covered by the study correlates as follows:

	'29	'30	'32	'36	'37
Net sales	100	93	62	75	79
Average sales check . . .	100	89	64	75	80

Fluctuations in the average sales check for all classes of merchandise are apt to reflect little more than the general retail price level. Of more interest in locating shifts in consumers' choice and in merchandising practice are the survey's findings for individual lines.

Thus, the average sales check for notion departments had risen in 1937 to 14% above the 1929 level—yet net sales were off 7%. This the N.R.D.G.A. interprets as the result of adding new and more expensive lines.

Only four other departments—silverware, home appliances, beauty shops, and muslins, sheetings, etc.—showed a higher average sales check in 1937 than in 1929. Corset departments, usually leading

profit makers, showed a decline in average sales check of only 10% in 1932—and in 1937 were back to within 2% of the 1929 level.

Radio departments, on the contrary, showed a recovery in sales checks far behind the general average. Intense price competition and reduced manufacturing costs are given as the main reasons. Refusal of customers to invest heavily in expensive equipment which they fear will be obsoleted by television may also be a factor.

"Super" Tax Out

New Jersey Supreme Court voids discriminatory fees and it's a defeat for "anti-bigness" laws.

LAST WEEK another chapter in the legislative battle between small independent grocers and mass distributors was written in New Jersey. Victory was to the mass distributors as the New Jersey State Supreme Court nullified local laws of Camden and Atlantic City imposing heavy license fees on supermarkets.

Camden's ordinances were put through a little less than a year ago (*BW—Apr 23'38, p16*). One provided for a \$10,000 annual license fee; a second exacted a \$200 fee for every leased department exceeding four. Atlantic City's taxes differed only in amount (*BW—May 28'38, p22*). There the annual fee was \$5,000, with a \$1,000 impost on leased departments exceeding three in number.

Although these local ordinances hit independent and chain-operated supermarkets alike, they are blood brothers to the conventional chain store taxes, for it was these steadily increasing taxes which prompted the chains to close their least profitable outlets and venture into the supermarket field, pioneered originally by the independents. Of the "supers" involved in the New Jersey suits—A. & P., Acme Markets, Inc., Giant Tiger Corporation, and Food Fair, Inc.—the first two are chain-operated and the other two are independent.

Applaud Court's View

Hence national distributors read into the Jersey ruling more than local significance. They particularly liked that part of the court's decision that held that a "municipality may not require its residents to forego the exercise of any economy in order that a group of merchants, unwilling to take advantage of economy and management, may prosper." Publicity accorded such judicial sentiment will help them in their fight against Rep. Patman's federal "death sentence" tax, the increased chain store taxes which threaten in a number of states now that 44 legislatures swing into action, and all other restrictive legislation which organized independents—retailers and wholesalers—continue to aim at them.

Rural Radio

After survey is made, NBC and CBS dispute over which chain listeners prefer.

RADIO BROADCASTERS have no subscription lists. Having none, broadcasters of necessity have turned to the "audience survey" to prove their markets. And though other advertising media use surveys in their selling, none has brought the survey to the same fine flower as radio.

This week one of the industry's best was blooming: the first published survey ever made of the radio ownership and listening habits of the nation's farmers.

The study is the work of the Joint Committee on Radio Research, which was established in 1935 with equal representation for advertisers, agencies, and broadcasters. Thus, though survey costs are borne by two parties who have most at stake—Columbia Broadcasting System and National Broadcasting Co.—advertisers and their agencies are apt to take the results pretty much at their face value.

The conclusions—which are synopsized in the table below—are interesting, if not startling. With a radio ownership of 69%, farm families trail city cousins by 13%. But, as would be expected, farmers stay home to do a little more listening than city folks.

The survey was made by personal interviews. Hooper-Holmes, independent research organization, was hired to interview 14,000 farm families. Thus the results were possible of division by economic groups. No fixed national standards were applied, but the interviews in each community were divided into three groups representing the top, middle, and low economic levels. In these classifications, the percentages of radio ownership were 89%, 71%, and 69%.

Inquire Into Preferences

No "joint" survey of this kind fails to touch off a wave of follow-up activity by the two big chains. Columbia's promotion department is known to have hired Hooper-Holmes to go right back to the same farm families to learn which stations they listen to. And when the CBS survey is published next week—it has been waiting for the report of the Joint Committee—it will show CBS as the favored system.

But NBC likewise has a rural station-preference study, which it has been using in competitive presentations. And though this survey—conducted by postcard questionnaires—has not been and will not be published, it is no secret that it shows NBC to be the favored chain.

The difference of opinion is explained by variant methods and samples used in the rival surveys. Advertisers and prospective advertisers will be asking for the details.

Comparing Rural and Urban Radio Ownership and Listening Habits

	Rural		Urban		Combined	
Total U. S. Families....	13,721,000	100.0%	18,920,000	100.0%	32,641,000	100.0%
Total Radio Families....	9,470,900	69.0%	17,195,600	91.0%	26,666,500	82.0%
Radio Homes with 2 or More Sets.....	549,312	5.8%	3,404,729	19.6%	3,954,041	14.8%
Median Number of Years Radio Families Have Owned Sets.....	7.0 Years		8.2 Years		7.7 Years	
Radio Families Owning an Automobile.....	7,775,609	82.1%	11,675,812	67.9%	19,451,421	72.9%
Radio Families Owning an Auto-Radio.....	1,269,101	13.4%	3,370,338	19.6%	4,639,438	17.4%
Radio Families Listening Sometime Daily —						
Average Weekday (Monday through Friday)	8,438,572	89.1%	13,825,262	80.4%	22,263,834	83.5%
Saturdays	8,315,450	87.8%	13,189,025	76.7%	21,504,475	80.6%
Sundays	8,163,916	86.2%	13,189,025	76.7%	21,352,941	80.1%
Average 7 Days	8,381,746	88.5%	13,722,089	79.8%	22,103,835	82.9%
Median Hours of Daily Use of Radio —						
Based on All Sets Owned	4:47 Hours		4:09 Hours		4:22 Hours	
Based on Sets in Use						
Some Time During the Total Day.....	5:18 Hours		5:12 Hours		5:14 Hours	

NOTE: In this study, the term "Rural population" conforms to the definition of the U. S. Census Bureau—those living on rural farms or in villages of less than 2500 population. The Census shows several hundred thousand people living on farms in urban areas. These, however, are not classified as "Rural population."

The urban data, shown here for comparison with the new rural data, are from the Starch Quarterly Urban Radio Surveys for 1937.

* 100%—all radio homes.

MONEY AND THE MARKETS

FINANCE • SECURITIES • COMMODITIES

Cautious Despite Good News

Traders refuse to show optimism, although TVA shows unexpected friendliness to utilities, and London stock averages reach new highs.

TRADERS IN SECURITIES and commodities this week chose to be from Missouri. They were confronted with a good many significant news items which, in the aggregate, were pretty favorable. But the men of the marketplace have worked up their enthusiasm a good many times since the Czechoslovakian crisis in September, and they aren't disposed to be disappointed again.

On the favorable side, as the week opened, they were confronted with the fact that the federal government had shown a decided change of front toward the public utilities in the Tennessee Valley Authority's agreement to purchase Commonwealth & Southern's subsidiary in Tennessee at a fair price. Secondly, they saw the London stock average push to new highs on a more constructive interpretation of European news at mid-week. Finally, there were better reports in many lines of domestic business.

Those items should, normally, be enough to cause more than the moderate rise which took place in securities during the early days of the week. But Wall Street, always skeptical of Wash-

ington, wants even more positive assurances that the New Dealers finally desire recovery above further reform. And as regards Europe, they couldn't get over things like the London rumors that German troops have been moved into Italy's Libyan colony—presumably for an effort to enforce Italy's demands for French territory.

Lead, Zinc Buying Picks Up

On the industrial front at home probably the most significant change was in the recently depressed non-ferrous metals markets. Buying of both lead and zinc has picked up in the last few days. There is evidence of the fact that any improvement in lead prices in London would bring a wave of really brisk buying in this country because it appears that fabricators on this side are allowing their inventories to remain at extraordinarily low levels.

Copper buying, too, seems to be picking up. It is not, however, the kind of buying the trade likes. A lot of it is what some observers have chosen to call "outside" buying. That is to say,

it does not involve purchases from the big producers at the established price of 11½¢ a lb., Connecticut Valley.

What happens is this: Copper fabricators go to New York's Commodity Exchange and buy warrants for so-called standard copper ("standard" is copper which has not been refined electrolytically, and is of lower grade). These warrants are then taken to suppliers who are not numbered among the big producers. The buyer pays the supplier the difference between the price of "standard" and electrolytic copper—about 1.1¢. As markets have been recently, the buyer gets a price of about 10½¢ a lb., Connecticut Valley base, by this method.

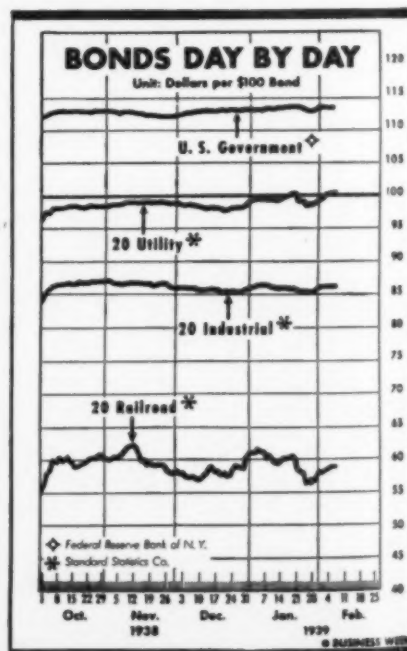
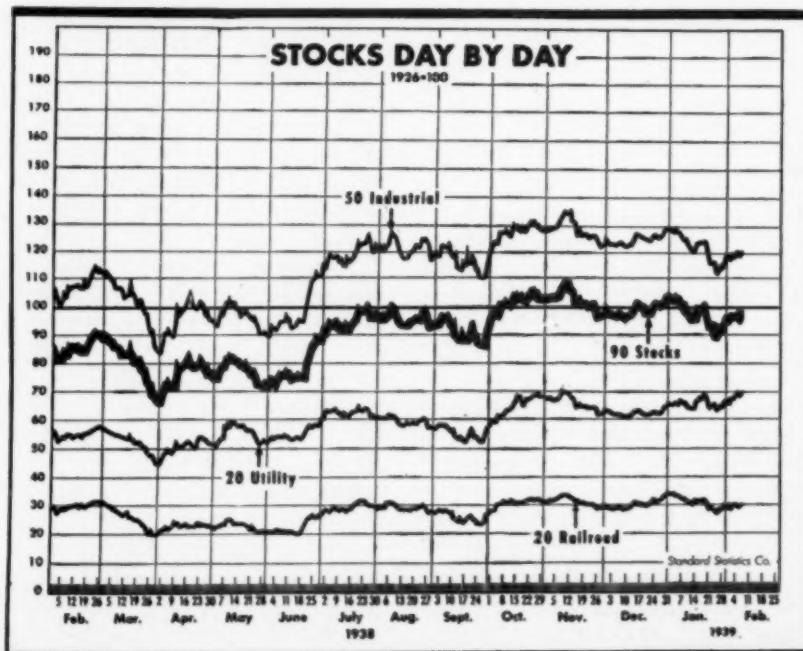
This outside business recently is reported to be running almost as large as the regular sales at the posted price. It doesn't materially help to sustain the 11½¢ quotation, but it does indicate a demand for copper.

Further favorable news comes from the tin plate industry, with mills now operating at about 50% of capacity against a low of about 30% not long ago. The steel industry's ingot output this week nudged up a little further.

Young Wins a Round

His feud with New York bankers results in competitive bidding for terminal bonds.

THE PROTRACTED AND BITTER battle of Robert R. Young against a group of New York banking houses this week was credited with forcing the Cincinnati Union Terminal Co. to call for competitive bids on a \$12,000,000 issue of refunding bonds. It wasn't any cash in



Young's pocket, but it obviously gratified him in the light of his recent troubles with his enemies in New York.

Mr. Young, with Allan P. Kirby, bought control of the railroad empire once ruled by the late Van Sweringen brothers early in 1937. They got this control through majority ownership of the top holding company, Alleghany Corp. But it soon developed, due to technicalities, that Alleghany didn't have actual working control of the next holding company, Chesapeake Corp., and that, hence, Alleghany didn't control the railroads involved.

Since then it has been a battle royal. Mr. Young, on a compromise, retained working control of the Chesapeake & Ohio, the real earning power among the "Van" roads. However, he lost control of the Chesapeake Corp. As Chesapeake Corp. is the biggest holder of C. & O. securities, Mr. Young's control of C. & O. is tenuous.

Westerners Handle Business

All this is a long way 'round in getting to the Cincinnati Union Terminal affair, but it's all a part of the story. Mr. Young accused the J. P. Morgan-Guaranty Trust of New York interests—which banked the "Vans" for many years—of trying to muscle into the "Van" situation for personal gain in flotation of securities. He fought them tooth and nail. Finally, when C. & O. had \$30,000,000 of bonds to sell late in 1938, the Chicago house of Halsey, Stuart & Co. and Cleveland's Otis & Co. handled the business.

That was new. There probably has never before in the history of the country been a major piece of railroad financing in which eastern houses haven't been among the syndicate managers. But Mr. Young says the road got a \$1,400,000 better price by giving the business to "independent" western bankers than it could have gotten from the eastern group. The issue wasn't a howling success, but the offering syndicate took up the bonds that weren't sold.

Starts Drive for Bidding

So, when Cincinnati Union Terminal got ready to sell its \$12,000,000 refunding issue, Mr. Young began a newspaper and telegraph campaign for competitive bidding for the bonds. His C. & O., along with half a dozen other roads, has an interest in the terminal property. He asserted, a fortnight ago, that the terminal company was about to sell its bonds to eastern bankers for \$900,000 less than the western syndicate was willing to give.

He wired Sen. Robert Taft, whose former law partner, John B. Hollister, is an attorney for the road. He wired the members of the terminal company's finance committee. He succeeded in getting many columns of publicity on the financial pages of the country. And finally, late last Tuesday, it was announced



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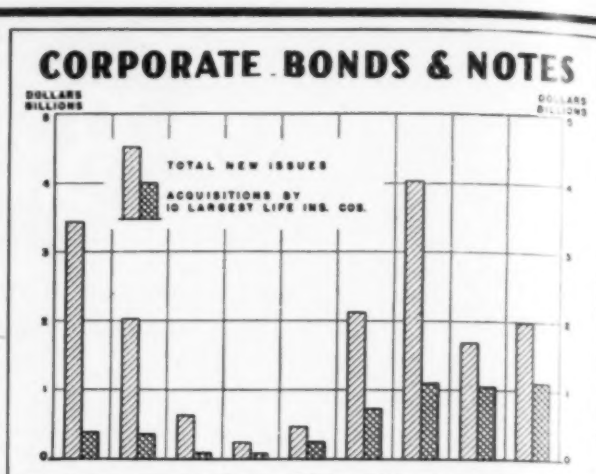
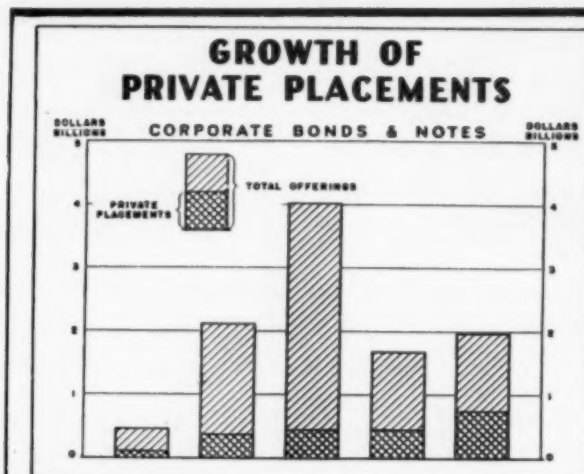
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The story which BUSINESS WEEK outlined last week about life insurance company investments (pp. 18, 19) was told to the Temporary National Economic Committee in great detail this week. Two of the charts accompanying the testimony are reproduced above. At the right, total offerings of corporate bonds and notes from 1930 through 1938 are compared with the volume of such offerings acquired by the 10 largest life insurance companies. At the left, private purchase of bonds and notes (purchases direct from the issuing corporations

without public offering) are compared with total offerings from 1934 to 1938, inclusive. This latter chart, with supporting data, gives to the financial community for the first time official figures on private placement of securities. Heretofore all compilations have admittedly been estimates which were, of necessity, incomplete. It should be borne in mind that the life insurance companies, in addition to buying 70% to 95% of the issues placed privately, take a very substantial percentage of those offered publicly as well.

that the terminal company had decided upon competitive bidding.

Incidentally, Morgan Stanley & Co., investment banking offshoot of the House of Morgan, denied a lot of Mr. Young's charges and implications, and declared it would not be a bidder for the terminal bonds when they are put on the block on Tuesday, Feb. 14.

FINANCIAL ANGLES

Money for Industry

TIME AFTER TIME in recent years there has come the demand in Washington for a system of federal intermediate credit banks to extend loans to industry—loans which many in the capital insist the banks refuse to make. The subject was reintroduced last week when Sen. Claude Pepper of Florida launched a bill similar to one which he offered in the Senate at the last session. It calls for five regional intermediate credit banks, each to have an initial capital of \$100,000,000 subscribed by the Treasury.

Government Guaranteed

WHEN THE RECONSTRUCTION FINANCE CORP. this week made its third appearance in the investment market as a borrower, the total outstanding amount of bonds of federal lending agencies was increased to about \$5,200,000,000. This issue for the RFC was for \$300,000,000, while one of \$100,000,000 for the U. S.

Housing Administration had been marketed only a week earlier. The biggest totals are old timers—\$1,190,000,000 for the Federal Farm Mortgage Corp. and \$2,900,000,000 for the Home Owners Loan Corp. Other items include \$200,000,000 for the Commodity Credit Corp., \$800,000,000 for the RFC, and \$100,000,000 for the USHA. These borrowings don't run up the government's direct debt, being based on collateral in the hands of the various lending agencies. The issues are guaranteed by the government, however, and they do run up the contingent liability. Direct borrowing by the lending agencies averts Treasury deficit financing of "recoverables," hence holds down the budget deficit.

Outlook for Cocoa

COCOA, LONG DEPRESSED by oversupply of the beans, derived a bit of strength recently from rumors in London that a part of Britain's plan for storing of essential war materials involves building up a storage stock of cocoa. Probably of more importance to the market from a long-range view, however, is the fact that the next few months will see intensive efforts to build up cooperative marketing on the African Gold Coast, which accounts for the largest cocoa production in the world today. This was the recommendation of the British commission which studied Gold Coast conditions after the natives, protesting against low prices and a London buying pool's activities, refused to ship cocoa in 1937. Setting up the co-op is admittedly a difficult problem, but the

plan has gained wide support since the commission reported.

Socking the Swindler

SPEEDIER AND SEVERER prosecutions for fraud were promised this week when the Department of Justice announced the formation by its criminal division of a new unit to be known as the Commercial Frauds Unit. With the promise of cooperation from the Postoffice Department and the Securities and Exchange Commission, the new bureau is to specialize in bringing to justice violators of the securities and mail fraud statutes. The Department of Justice expects this agency to facilitate closer cooperation between various governmental departments in commercial fraud prosecutions, to afford an additional protection for the investing public.

For Services Rendered

ATTITUDE OF FEDERAL COURTS toward bankruptcy fees continues hardboiled. The theory that parties to a reorganization should be paid only for their constructive efforts was reemphasized by Judge John P. Nields in U. S. District Court in Wilmington when he slashed allowances in the Standard Gas case from the \$1,254,500 asked by various parties down to \$360,250. Said Judge Nields: "This corporation went into reorganization topheavy, and topheavy it came out." Hence the implication is that the various parties did a bad job and they should be paid accordingly. Several legal fees were entirely ignored.

The
demo
mirro
cabin
(left),

BUSINESS ABROAD

World Trade War Begins

Dr. Schacht, recently dismissed from the Reichsbank, becomes Germany's No. 1 salesman in big new trade drive. Italy makes new bargain with Russia. Aranha reaches Washington.

SETTLEMENT of the Mexican oil issue (if it is as imminent as is rumored), and the Latin American trade drive, which is expected to get a boost from the arrival this week of Oswaldo Aranha, Brazilian foreign minister, for conferences in Washington, have not come too soon.

The trade war which BUSINESS WEEK foresaw in the Hitler speech (BW—Feb 1, '39, p14) is getting under way. Dr. Schacht, only recently dismissed from the Reichsbank, has been made Germany's special traveling salesman, and is to leave soon for Prague and the Balkans. Later he may be sent to South America. Whatever may have been the real reasons for Dr. Schacht's dismissal

from the Reichsbank, one of them was not incompetence. He is one of Germany's ablest citizens. His assignment to this new trade drive means that Germany intends to put everything she has into it.

Italy has joined the drive and come to terms with an old enemy—Russia—because Rome desperately needs some of the wheat and oil Russia has for sale. All this Soviet-Italian business will be on a straight barter basis. Germany is expected to make some similar deal with Moscow, though cables from Russia this week say that negotiators had hit a snag in their bargaining.

The Mussolini speech on Feb. 4 failed to reveal any fresh Italian plans be-

cause of the government shakeup in neighboring Yugoslavia, the Franco victory in northern Spain, and the bold Washington stand on Europe. It is only postponed, however, and new demands may come from Rome almost any day.

Britain Looks for Trouble

LONDON (Cable)—Rumors are current that German troops (30,000 of them, according to one version) are already in Libya. Also, one explanation of the reported wholesale cancellation of trains in Germany is alleged to be the commandeering of rolling stock for the transport of supplies through Italy.

These stories are not confirmed here but there is a widespread disposition in London to doubt if Hitler is a reformed character. Moreover, as British rearmament progresses it is an obvious temptation for Germany and Italy to have a throw while still in possession of military superiority. Therefore, the next few months are bound to be critical. Inasmuch as this is a widely held opinion in London, the markets this week were surprisingly steady.

The rearmament program is picking up speed rapidly enough now that it is beginning to have an effect on British foreign policy. The open support from Washington is another contributing factor. Nevertheless, until the Franco victory is complete and the Italian forces

War Games for Cabinet Ministers



Acme

The step-up in armaments has made the European democracies a lot tougher in recent weeks, and no one mirrors the new national sentiment better than Britain's cabinet ministers—Sir Kingsley Wood, air minister (left), who steps into a turret built for the newest Brit-



Wide World

ish bombing planes and lets fly during a visit to the Parnall Aircraft factory in Surrey, and Leslie Hore-Belisha, war minister, who peppers the neighborhood with a new Bren gun at the Royal Small Arms factory located in Essex.

are out of Spain, the British will worry. It will be a surprise to London if all of this is accomplished without further Italian demands for Mediterranean concessions as a price for withdrawing from Spain and the Balearics.

German Trade Drive Opens

BERLIN (Cable)—Business leaders here are a little more optimistic this week because they believe that the government is going to postpone further foreign adventures and devote itself to domestic problems, many of which have become pressing. Two of these problems which are the greatest worry to business are the labor shortage, and the decline in exports.

Relief from the labor shortage is not likely to come until early summer when work on the fortifications along the French frontier is expected to be completed. This will free workers for other industries, and materials for the many projects which have been delayed during the winter because of lack of supplies.

In the meantime, still more drastic measures are planned for the redistribution of labor, including the obligation for existing factories to surrender part of their workers for new plants which are considered of major national importance. Consumer goods manufacturers and firms working for export are expected to be the main sufferers.

The great new trade drive is just getting under way. Dr. Schacht is slated to leave soon for Prague and a tour of all of the Balkan states to book new orders for the Reich. It is even reported here now that he will follow this selling tour with visits to Western Europe and even to South America.

With the Far Eastern markets gradually closing to world trade, export circles believe that South America will become in 1939 the main battleground between German, British, and American manufacturers who seek to sell in foreign markets.

The Brazilian minister's Washington visit is viewed with uneasiness, but the Berlin commercial press is attempting to persuade Brazil that the United States' only aim is to paralyze the development of Brazil's competitive cotton business.

Only important sign that some progress is being made in smoothing some of the major trade problems is the successful agreement which has been reached by German and British coal interests for the allocation of export markets. It is believed now that this will be followed by the creation of a European coal cartel.

Fascism in Japan

TOKYO—The army is more than ever in control of the government; the trend in Japan is toward more complete Fascism but with few indications that the government intends to give Germany any extensive concessions in China; gov-

Good Neighbors



The official visit of Col. Fulgencio Batista (left), Cuba's army head, with Mexico's President Lazaro Cardenas this week promises closer relations between the two Latin-American neighbors which are nearest the U.S. Closer relations between the U.S. and Latin America are in the cards too, evidenced by the current visit of Brazil's Foreign Minister Aranha to Washington, and the report that settlement of the U.S.-Mexican oil controversy is soon due.

ernment regulation of business will be intensified; the country's foreign trade is continuing to dwindle: these are the major reactions of Japanese business to the recent cabinet change. It is unquestionably a new victory for the jingoists.

The new premier, Baron Kichiro Hiranuma, is the founder of a fascist clique, known here as Kokuhonsha, and under him Japan may be expected to go as fascist as a country can go that for 300 years has lacked a great leader.

There are no indications that such a leader will emerge in the immediate future. General Araki and Admiral Suet-sugu are certainly not able nor willing to assume dictatorial responsibilities. A slightly safer bet is Seigoh Nakano, leader of the Tohokai party. Nazis in Tokyo scouted him out three years ago, sent him to Germany as "good will envoy" and have kept on nursing him since his recent return to Tokyo. He has a winning, though not magnetic, personality and is an unusual orator, perhaps the only orator in present-day Japan. He is, nevertheless, not an immediate possibility.

It is no good omen that the vital finance portfolio has been rejected by

all responsible financial leaders and finally was given to an unknown career bureaucrat, Sotaro Ishiwata.

Since the resignation of the able ex-Mitsui executive Seihin Ikeda, the ministries of finance and of commerce and industry are again under separate rule. This means more red tape in the handling of imports, as applications for exchange must now be endorsed by two authorities instead of one.

Import restrictions are expected to be tightened, as Japan has no gold to ship abroad except the remaining gold reserve of the Bank of Japan, now down to \$135,000,000, while supplies of newly mined gold amount to less than \$6,000,000 a month. Finance Minister Ishiwata has indicated that he is prepared to tap the country's last gold resources—an estimated \$300,000,000 of private jewelry, and gold coins in private possession. Experts are doubtful if more than \$100,000,000 of this gold can ever be forced into government coffers.

The political group from which the new premier has emerged is known to be advocating closer ties with Germany and Italy, but doubt has developed recently if Tokyo will risk the displeasure of the United States by entering an open military alliance with Italy and Germany. Washington's stiffening attitude has not noticeably scared the Japanese jingoists, though responsible business leaders regard it with grave concern.

Italy Will Buy from Russia

MOSCOW (Cable)—Italy and the Soviet Union are again on friendly terms, at least as far as trade is concerned.

A new trade agreement was signed this week by the two countries—in spite of Italy's membership in the anti-comintern bloc—will resume active trade relations. Business is expected to reach a total of \$50,000,000 in the first year of the new agreement. Two years ago, when trade relations dried up, annual business had amounted to about \$21,000,000.

The trade will balance, which pleases the Italians who are sticking to the barter principle of the totalitarian states and which is acceptable to the Soviets.

The Soviet Union will sell wheat, oil, coal, manganese, and lumber to the Italians, and will probably take machinery and ships in return.

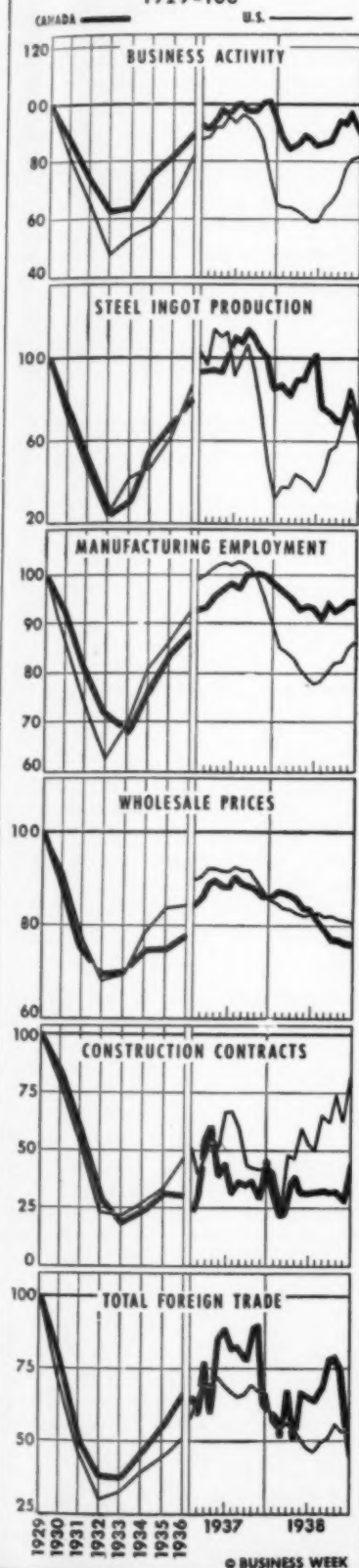
Oil Company Rebuked

Eastern States wins point in case against Royal Dutch Shell on Mexican business.

WHEN THE MEXICAN GOVERNMENT grabbed the properties of the American and British oil companies nearly a year ago, it was confronted with the immediate problem of finding a market for this oil in order to keep men employed and

TREND OF BUSINESS CANADA AND U. S.

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taxes coming into the treasury coffers. It was a big job, because the oil companies owned their own fleets of tankers which had carried the oil to foreign markets. In fact, these companies pretty well dominate most of the world's big markets.

One independent United States refiner, the Eastern States Petroleum Co., Inc., with a refinery at Houston, Texas, offered to do business with the Mexicans, but on the condition that the Mexicans sell them only oil from their own wells, not from the expropriated properties.

Eastern States has done a fairly large and profitable business hauling this crude oil up the coast to Houston, running it through the refinery, and selling it abroad. One of its largest customers has been the Italian navy.

A few months ago, Eastern States went to court in New York claiming that the Asiatic Petroleum Corp. and Anglo-Mexican Petroleum, both subsidiaries of Royal Dutch Shell, were interfering with its foreign trade under the Sherman and Clayton anti-trust laws, and demanding \$1,500,000 damages. Specifically, Eastern States claimed

the Royal Dutch Shell interests were putting pressure on foreign buyers to give up buying oil from Eastern States.

The court has handed down a decision favoring Eastern States, and Royal Dutch Shell has filed a counter claim for damages of \$1,700,000 for oil they claim belonged to their Mexican subsidiary.

Significance of the Case

The case is important because it threatens to put an end to interference of the big oil interests in the free distribution of Mexican oil through independent distributors. But before a decision on the Royal Dutch counter claim is handed down, oil authorities look for a settlement of the United States controversy with Mexico, probably on the basis of an agreement arranged by the two governments providing for the distribution of Mexico's oil by the oil companies themselves, with a predetermined portion of the income from the sale of the oil going to the companies until they have been repaid for the confiscation of their properties.

Business Wants Rail Reform

Canadian executives are expected to push drive to cut tax drain of Canadian National Railway. New campaign for tourists begins.

OTTAWA—Watch Canada during coming months for a business men's drive for railroad reform. The demand of business interests for relief from the taxation burden involved in forking over \$50,000,000 a year to cover Canadian National Railway deficits is becoming increasingly insistent. The only remedy visualized now is the ending of competitive duplication of service by the publicly-owned CNR and the privately-owned Canadian Pacific Railway.

A 5-year trial of voluntary cooperation between the two roads, undertaken at the request of Parliament, has failed to produce substantial economy. CNR deficits are larger than before cooperation. CPR is opposed to more extensive cooperation under compulsion, and insists on unification of operation and management.

CPR's plan is held by its opponents to be railroad amalgamation in disguise. Political parties are afraid of the opposition of western agriculture, and of 200,000 railroad employees. Amalgamationists see hope in the possibility of a national coalition government for Canada after a federal election this year. They think that if the two parties united they would face the railway situation courageously, ignoring sectional opposition to economy measures. Toronto publisher Geo. McCullagh's broad-

cast appeals for national economy are interpreted as the opening shots in a campaign in behalf of business interests for national government. The mining millions of W. H. Wright, onetime English butcher, are behind McCullagh's drive. So also is at least the moral support of Canadian capital in general.

A federal election is expected in September. Should it result in a draw between the two old parties, a national government will be set up immediately.

CBC Expands

Canadian Broadcasting Corp.'s expansion program means business for some branches of Canadian industry. Canadian Bridge Co., Walkerville, Ont., has completed construction of the first cross-section vertical guide broadcast radiators to be designed in Canada. They are for use in CBC's two new 50,000-watt transmitter stations to serve eastern seaboard provinces and the prairies. One station is being built at Sackville, N. S., and the other at Watrous, Sask. On their completion, CBC will have four 50,000-watt stations on its network.

Canadian shoe manufacturers claim they are hit by free entry of United States shoes under tourist \$100 exemption from customs duty, and are asking Ottawa to extend the federal sales

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tax to all tourist merchandise imported. United States shoes imported amount to only about 3% of Canadian consumption but it is held they depressed prices of domestic shoes. Imports under the tourist exemption have been increasing annually since 1935, and Canadian retailers as well as manufacturers are complaining of the effect.

Canadian business has held fairly steady since the first of the year. Gains

in 1939 are not noticeable but the tendency toward temporary slowing up current in the United States is not yet discernible here. Spring trade is expected to be stimulated by preparations for the trans-Canada tour of the King and Queen. Ottawa has increased financial provision for encouraging tourist business and the general drive for tourists will be directed mainly toward the United States.

FOREIGN ANGLES

Chain Store Tax Withdrawn

MONTREAL—The recently enacted \$1,000 city tax on chain stores operating in Three Rivers, Quebec (*BW*—Jan 28 '39, p46), which resulted in the closing of their stores by certain chain store leaders, already has been rescinded, and on the motion of the alderman who originally proposed the high levy. Action of the chain store companies, led by Dominion Stores, Ltd., in discontinuing operations in Three Rivers, resulted in public repercussions that apparently had not been anticipated.irate customers soon made it plain that they resented the measures which had eliminated the low-price chain store from the city's merchandising field. Alderman Poisson, father of the \$1,000 tax, in moving the rescinding of his by-law, stated that he had not changed his views on the principle of a chain store tax, but had come to feel that a graduated tax was more advisable. Under his revised plan, the \$1,000 tax would be retained but would be applicable only to stores doing \$100,000 gross business a year, if such should develop in Three Rivers.

Our Taxes—and Europe's

"OUR TAXES—and What They Buy" is the subject of a study prepared for the Public Affairs Committee by Maxwell S. Stewart and based on studies by the Twentieth Century Fund, the National Industrial Conference Board, and the Tax Policy League. High as they are, our taxes are lighter than those paid by English, French, or Germans.

State Import Tax Outlawed

A FLORIDA STATUTE providing that all foreign cement imported into the state must be inspected at the expense of the importers will be outlawed by the Supreme Court, which, by declining to hear the company's arguments after having heard the state, indicated this week it would reverse the decision of the lower courts of Florida supporting the right of inspection. The Court, in its brief, held that the statute, if allowed, might be the forerunner of innumerable state tariff laws. Various states along the seaboard have from time to time

protested imports of cement from Belgium which, though it pays an import duty, can often be delivered along the seaboard at prices below those for the domestic product.

World's Fair L'illustration

PARIS—*L'illustration*, smart French picture magazine, will publish during the summer a special de luxe New York World's Fair edition, in French and English.

Program for Latin America

THE NATIONAL BROADCASTING CO. is preparing on-the-spot descriptions of the American scene for short-wave transmission to Latin America as a part of its growing western hemisphere programs. France also will hear broadcasts in French on the same series. The French Ministry of Communications has commissioned an official representative to come to this country to make phonographic recordings of his observations, and he is working with the NBC staff. First "scene" to be recorded was at the Ford Rouge Plant at Dearborn.

Insurance Squeeze

SHANGHAI—The Far Eastern Insurance Co., Ltd., a British concern with headquarters in Shanghai, has gone into voluntary liquidation because under existing conditions in China the directors did not see "sufficient prospects for expansion." China, in the past, has been a fruitful field for foreign underwriters, with shares of five firms traded on the Shanghai Stock Exchange. American insurance interests are mainly represented by American-Asiatic Underwriters.

Come-to-Japan Tour

TOKYO—Formal invitations for a one-month visit to Japan will shortly be extended to officials of the American chambers of commerce in the major cities along the Pacific Coast, according to an announcement here by the Osaka Trade Bureau of the Department of Commerce and Industry. The Japan Trade Promotion Office in San Francisco has already been feeling out sentiment in America and will extend the invitations formally in the near future.

EDITORIALLY SPEAKING

Housing

A FEW WEEKS AGO, under this same head, I wondered whether the average American wage-earner and salaried man is as keen about owning his own home under present conditions as he once was and still is presumed to be.

A. D. Theobald, Asst. Vice Pres. of the United States Building and Loan League, replies for the affirmative.

He doubts that full knowledge of the facts would support a conclusion that "American families no longer have the same keen interest in home-ownership that they did when we were young."

"What proportion of the families," he asks, "move very frequently from one city to another and what proportion live practically their whole lives in one city? What proportion of the homes are owned free and clear of mortgage and therefore are real 'isles of independence' in periods of adversity? Is there any more effective thrift discipline than paying off a mortgage by monthly payments? How many renting families would, in the same, or in fact, any period of time, save as much as has in fact the family which has paid off the mortgage on its home?"

"The price of home real estate, like a lot of other prices, fell during the depression, and equity holders suffered as equity holders always do under those circumstances. But when, as, and if the present rising prices in real estate go shooting up again, equity holders profit more than proportionately. It's too easy to look at matters such as home-ownership entirely from a depression or slow recovery viewpoint, forgetting that that has not been the typical American experience and, God willing, will not be in the future.

"A serious illness may imperil equities under a monthly payment mortgage, but it's a rare institutional lender which plays the 'Village Shylock' and throws out a family under those circumstances. It might be well for some of us to forget the impressions of the hard-hearted mortgage lender gained from childhood melodramas and look at realities of foreclosure policies by the typical institutional lender. The renting family is far more likely to be evicted through failure to pay rent due to illness than is the home-owning family with some equity.

"The building of institutionally-owned rental projects by insurance companies is a step in the right direction, because everyone will admit that there are some for whom rental housing is more attractive economically and socially than is home-ownership, but that always has been true. One need not conclude from that that home-ownership is less attractive than it used to be. Possibly lending

institutions can give still further service in doing the complete development job in a single-family-ownership community by selling the property and financing the owner."

On the Other Hand—

ROY CARLSON, Seattle sales executive, writes to say that the misgivings cited in my earlier piece truly reflect "the impelling motives of the 'middle-class American employee' in meeting his housing problems." He encloses information concerning a new development in his city.

"This \$1,500,000 multiple-dwelling project," he says, "is really quite the biggest thing in a housing way that Seattle ever has had and compares favorably with similar projects in the East. While the project is being built by a private company, the mortgage is held by a large insurance company and the loan is guaranteed by the FHA.

"Four of the eighteen buildings have families moving in. The interest is tremendous and I see no difficulty in renting the apartments as they are finished. I can also see those people who have hesitated about buying or building a place to live, taking an instant liking to brand-new living quarters with surroundings such as we have here, yet having none of the hazards of owning a home.

"I can see the housing problem from both sides of the fence. About two years ago I made the down-payment on a house with the balance on a contract basis. After putting in several improvements that I as a 'proud' homeowner thought we should have, I found that handling the property financially was simply running into too much dough for a chap on just an average salary, what with the taxes, insurance, repairs, etc., that were bobbing up.

"Now we have our house leased out to a responsible tenant, the monthly rental being sufficient to take care of the contract payments and the taxes, etc. Whether the house will prove to be a good investment, time alone will tell. Meanwhile, we are happy in our present home."

All this represents, of course, individual opinion and experience, from which too sweeping conclusions should not be drawn. The significant fact is that investment and housing agencies now are offering modern rental housing in fields where home-ownership once was taken for granted. And whatever we may think the people want or should want, the one conclusive answer will be found in the degree of success achieved by such ventures. They will bear close watching and study by the industries that have a stake in the housing field.

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A Profitable Peace

THE LAST YEAR has proved two predictions almost equally perilous to the reputations of prophets. One is that there will be an early war between the fascist and democratic nations in Europe. The other is that there will be an early peace between the electric power companies and the government in the United States. Those who look for the foreign war have been repeatedly baffled by the job of seeing through Mr. Chamberlain. Those who forecast the domestic peace have usually found that they hadn't given sufficient forethought to Mr. Roosevelt.

However, just at a time when the war prophets are again disturbing business, there suddenly comes what looks like a real justification for giving more attention to the prophets of this peace which can mean so much to business. As recounted on another page, an agreement seems to have been reached on the hottest front in the utility campaign. David Lilienthal, wielder of the Tennessee Valley Administration's yardstick, has made a settlement with the man who has shown the greatest talent in keeping things hot for government competition in the power field. Wendell Willkie, president of Commonwealth & Southern, announces that TVA has agreed to buy his organization's Tennessee Electric Power properties.

THE AGREEMENT ITSELF, terminating a long period of what appeared to be futile bargaining, embodies clauses which express a new recognition by the government agency that it must do business on a business basis. But there is more to it than that. Mr. Willkie has a new answer to the question which he has kept to the front throughout his whole controversy with TVA: Is government competition with the utilities going forward without quarter and without regard to the destruction of private investment? The terms of this settlement give business the best promise so far that the answer is no.

But the prophets of peace do not have to rely on this week's news alone. There are corroborating signs from Washington that the Administration is anxious to put a limit on the utility controversy—an anxiety that may result in that delimitation of future competition between the government and the utilities which Mr. Willkie asks as a further earnest of peace. Outstanding is the evidence that the Administration wants a taste of the prosperity that is being constantly snatched away by such confidence-destroyers as these power wars.

The moment is a propitious one for peace. Both the utilities and the government have learned something from competition-without-quarter. The air has been cleared by last week's Supreme Court decision that the Constitution won't stop such competition. The way to a cooperative policy that won't involve loss of political face has been paved by the national defense planners who have been recently emphasizing the importance of the power companies to their program.

THE PROFITS OF PEACE—the kind that interest a people that is in no mood for punning—are certainly worth consideration. Failure of the utilities to come into the market with spending for a normal expansion of their facilities has contributed in an important way to the heaviness of the durable goods industries all through our abortive recovery movements. That failure has been due in large part to the continued threat of government competition and to the effect of that threat on utility financing. The settlement in the Tennessee Valley this week may reasonably be accepted as an augury of a resumption of power company expansion on the greatest scale since 1931. Mr. Willkie greeted it with the prediction that privately owned utilities in the United States would spend not less than \$1,000,000,000 a year for new capital outlay in each of the next three or four years—if the Administration went a few steps further to assure investors that its competition would be held within present areas.

The real importance of such private spending at this time—as against the utilities' average of around \$400,000,000 the last couple of years—must have impressed Mr. Hopkins as he pondered over his reported “realistic” plans for dealing with the problem of government-business cooperation. And Washington makes a shrewd guess that this is what happened.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York City. Tel. MEDallion 3-0700. Night Tel. MEDallion 3-0733. Price 20¢. Subscription: \$5.00 a year, U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable code McGrawHill.

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